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BOSTON UNIVERSITY

College of Business Administration

THESIS

Buying and Merchandising Principles
for the Independent Retailer of Women's Shoes

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(B.S. in B.A. Boston University 1943)

Submitted in partial fulfillment of
the requirements for the degree of

MASTER OF BUSINESS ADMINISTRATION



Foreword

The independent retailer of women's shoes plays a vital role in the marketing and distribution of the nation's footwear production. However despite the importance of such merchants within our economy, there has been comparatively little material written with the intention of helping these shoe retailers to perform their function effectively and efficiently.

The merchandising of independently-operated women's shoe stores poses a complex problem for the retailer. He must, in the face of increasingly aggressive chain store competition, maintain those high standards of quality, service, and customer satisfaction which are his most potent competitive weapons. Above all else, these retailers must operate to the limit of their efficiency, for today's hazardous conditions within the field of shoe retailing preclude any possibility of success for a retailer whose operation is inefficient and wasteful.

As used within this thesis the term merchandising is intended to mean the adjustment by the retailer to customer demand, of merchandise stocks offered for sale. With this concept as the basis, a logical and comprehensive set of buying, stock-controlling, and merchandising principles has been evolved and is herein presented. These fundamentals of shoe retailing have been enumerated with the intention of having the average independent retailer of women's shoes employ them as a basic guide to profitable operation.

It should be noted at this point that throughout the body of the thesis, few attempts have been made at detailed examples and illus-



trations, since the basic, general principles of sound merchandising are stressed. Specific techniques applicable to the various merchandising functions must be worked out by the individual merchant to suit his own requirements. There is no miraculous panacea for the many operating maladies with which the women's shoe retailer is confronted, but strict adherence to the fundamentals of sound merchandising will help immeasurably in keeping the merchant on the pathway to successful and profitable retail operation.

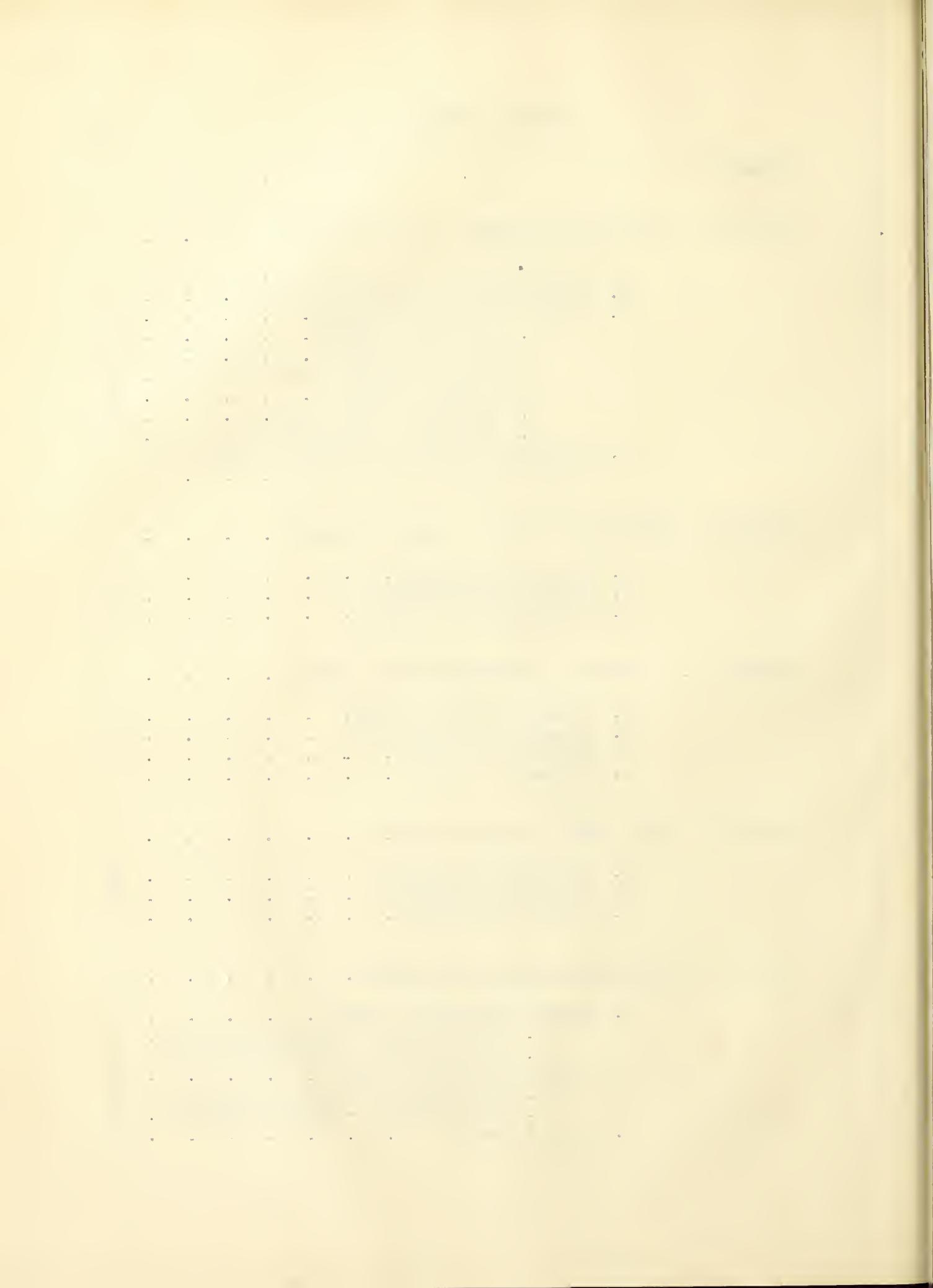
The writer wishes to express his appreciation for the helpful suggestions of both Mr. L. E. Langston, Executive Vice-President of the National Shoe Retailers Association, and of Mr. Albert Schiff, Vice-President, Shoe Corporation of America, Columbus, Ohio. A special word of thanks is due to Mr. Henry H. Dahl, Merchandise Manager, Thayer, McNeil, Boston, Mass., for his extremely pertinent and enlightening comments on the entire field of shoe retailing. A general debt of gratitude is due to the employees of the Library of Business Information, U.S. Department of Commerce, Customhouse, Boston, Mass., for their cooperation and willing assistance in gathering background information and statistical data for use in the preparation of this paper. A final word of appreciation is due to Mr. Melvin H. Gleckman whose sincere interest and painstaking stenographic assistance have contributed greatly toward the successful completion of this thesis.

Bernard Robert Freedman



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Chapter I. Origin and Development of Shoe Retailing

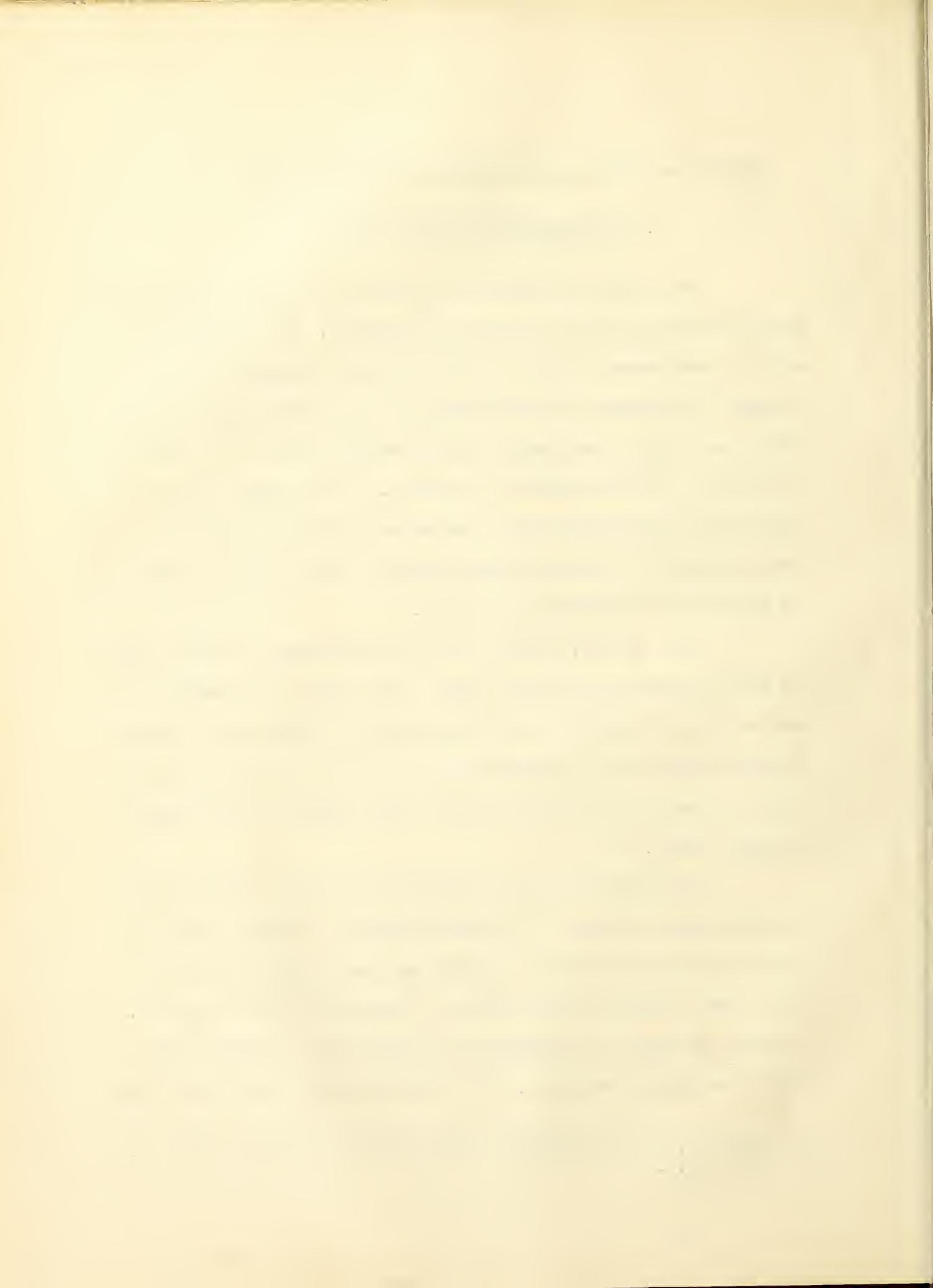
A. The Evolution of Retail Trade

The origin of retailing dates back to the barter of primitive peoples before the dawn of recorded civilization. More recent history tells of venturesome traders who often undertook exchange of goods with strangers encountered in their travels. In those days however, deceit, fraud, and violence were usually associated with barter, as a result of the tactics of these earliest of merchants. This untoward concept of trading persisted through many centuries with the Greeks and Romans, in both mythology and ancient history providing little favorable comment on the activities of merchants and traders.

Fairs as such, appear next in the development of retail trade and were followed by the market, stall, ship, store, and finally as the most recent and important trend in retailing, the chain store. During the Middle Ages the fair combined both commercial and religious activities and usually ran for three or four days annually in each locale, by royal license. (1)

The market which was an outgrowth of the fair differed from its predecessor in that it was devoted entirely to trading with no religious activities whatsoever. Market days were usually held two or three times a week but lasted only for a single day in each instance. The stall which was a development of the market was a later merchandising technique in retailing. (2) Such stalls are in use even today,

(1) Norris A. Brisco, *Retailing*, (Prentice-Hall, New York, 1947), p.1.
(2) Ibid., p.1.

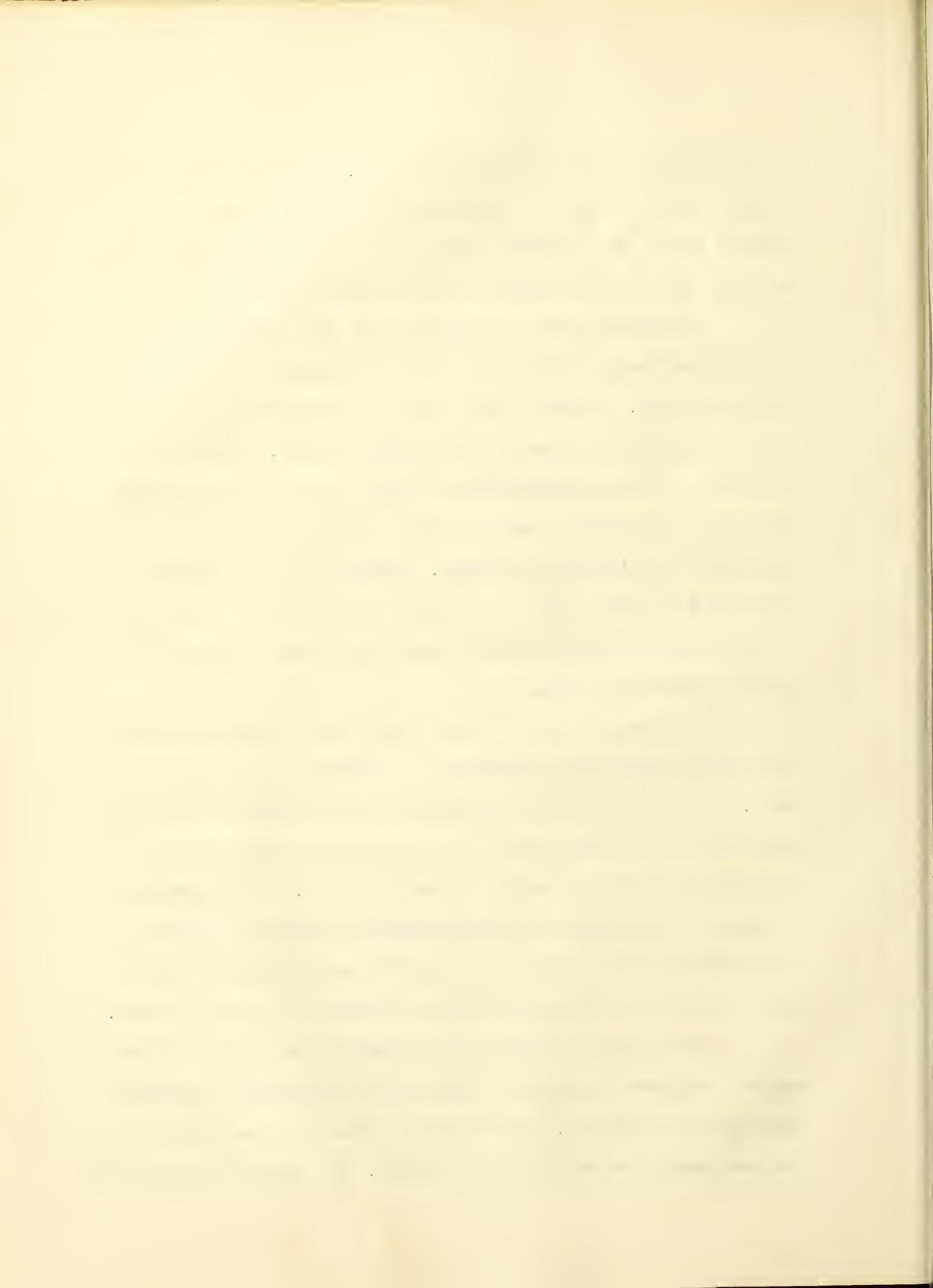


in many countries of the Middle and Far East. In fact, their operation in some sections is the most important element in the trade of these backward areas. Public markets also still are the main channel of distribution of food and clothing in most of these countries.

In Europe, during the early part of the sixteenth century, the stalls of many merchants reflected the evolutionary transition to the shop as such. It was at this point that the use of windows for display and advertising purposes first became prevalent. In fact, the development of the characteristics of both the specialty and the general store is traceable to many of these so-called shops during the seventeenth and eighteenth centuries. Perhaps it is of interest to note that even during this comparatively advanced stage in our civilization, shopkeepers and tradesmen were titles usually employed in a strictly deprecatory sense.

In America, during Colonial times, retail trade was encouraged by the immigration of tradesmen and storekeepers from the Old World. Fairs and markets flourished here, and in addition, itinerant merchants, called "Yankee peddlers", provided much impetus to the distribution of goods throughout the embryo nation. The improvement in means of transportation gradually caused the decline of the Yankee peddler, but at the same time helped the establishment of shops and stores where they were most needed in the new and growing country.

From frontier trading post to general store for the settlement was the normal transition, keeping pace with altered and improved environmental conditions. As communities became more populous, the need for more specialized stores became apparent. Eventually, this need was



met by the establishment of specialty stores which even today are a vital element in our retailing procedure.

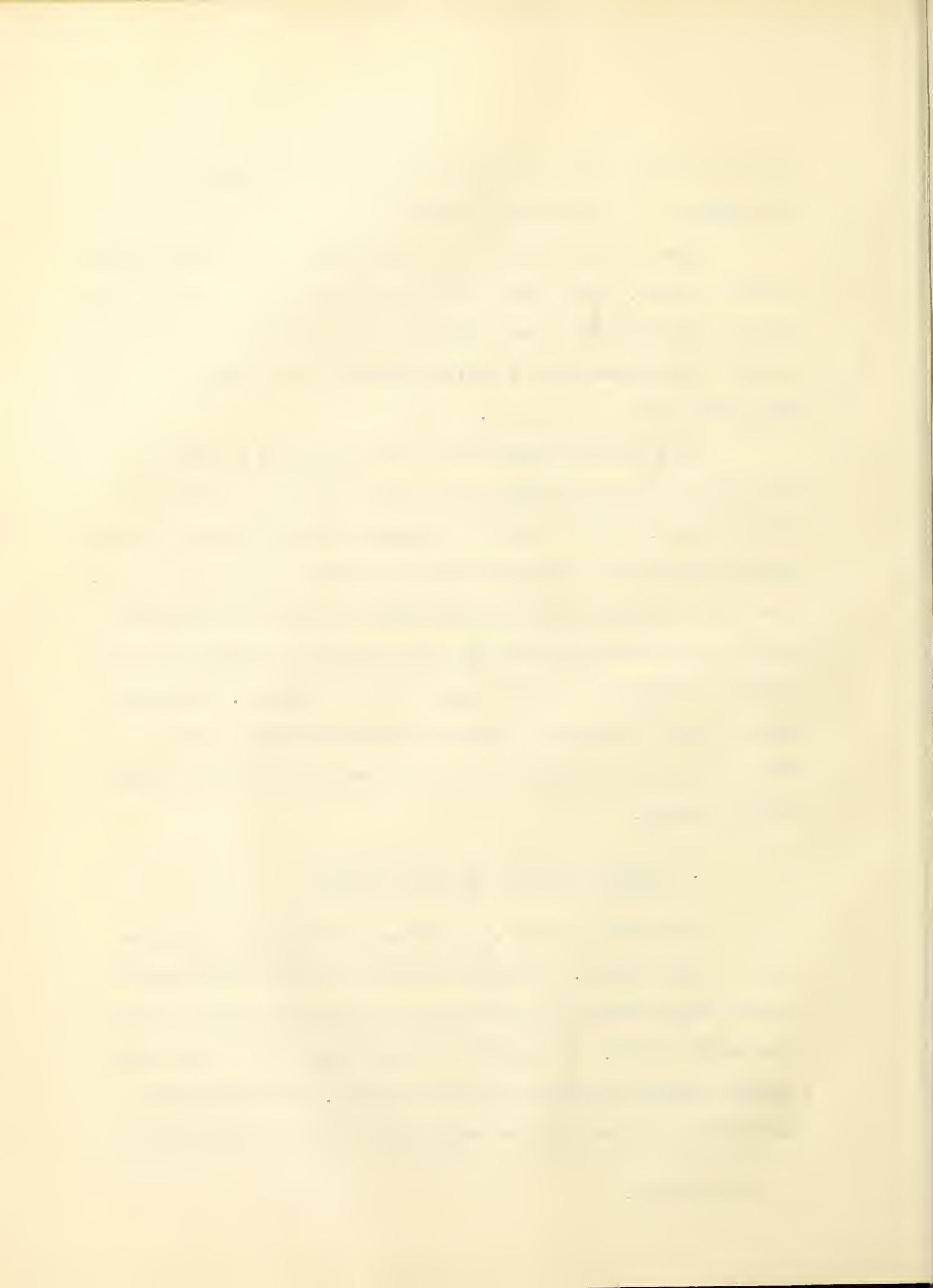
After the Civil War, we see the advent of the department store in several cities. This type of retail outlet would seem to combine and modernize many features of the old-time general store in its attempts to provide a varied assortment of quality merchandise to be retailed by one establishment and under one roof. (1)

The growth and development of the chain store or multiple-unit method of retailing is the next important phase in the evolution of retail trade. In fact, the era of chains and their most modern counterparts, super markets, brings us up to the present in our brief survey. As we look in retrospect over the many changes in retail trade wrought by man in his attempts to ever-improve his methods of getting goods from producer to consumer, one point above all else is obvious. The merchandising of goods at retail is a dynamic process which must constantly be inspected and altered to meet the new requirements of our ever changing marketing economy.

B. A Brief History of the Shoe Industry

As far back as 1600 B.C., footwear was in common use in the form of a simple sandal. A strip of leather or papyrus formed the sole of these sandals, with a simple thong-like treatment to hold it firmly to the wearer's foot. The Teutonic tribes of the north of Europe wore a leather protection upon the leg below the knee. The Romans later adapted this custom to their own requirements of a military nature by

(1) Ibid, pp. 2-5.



attaching the leg covering to the sandal, thus making the predecessor of the military boot. (1)

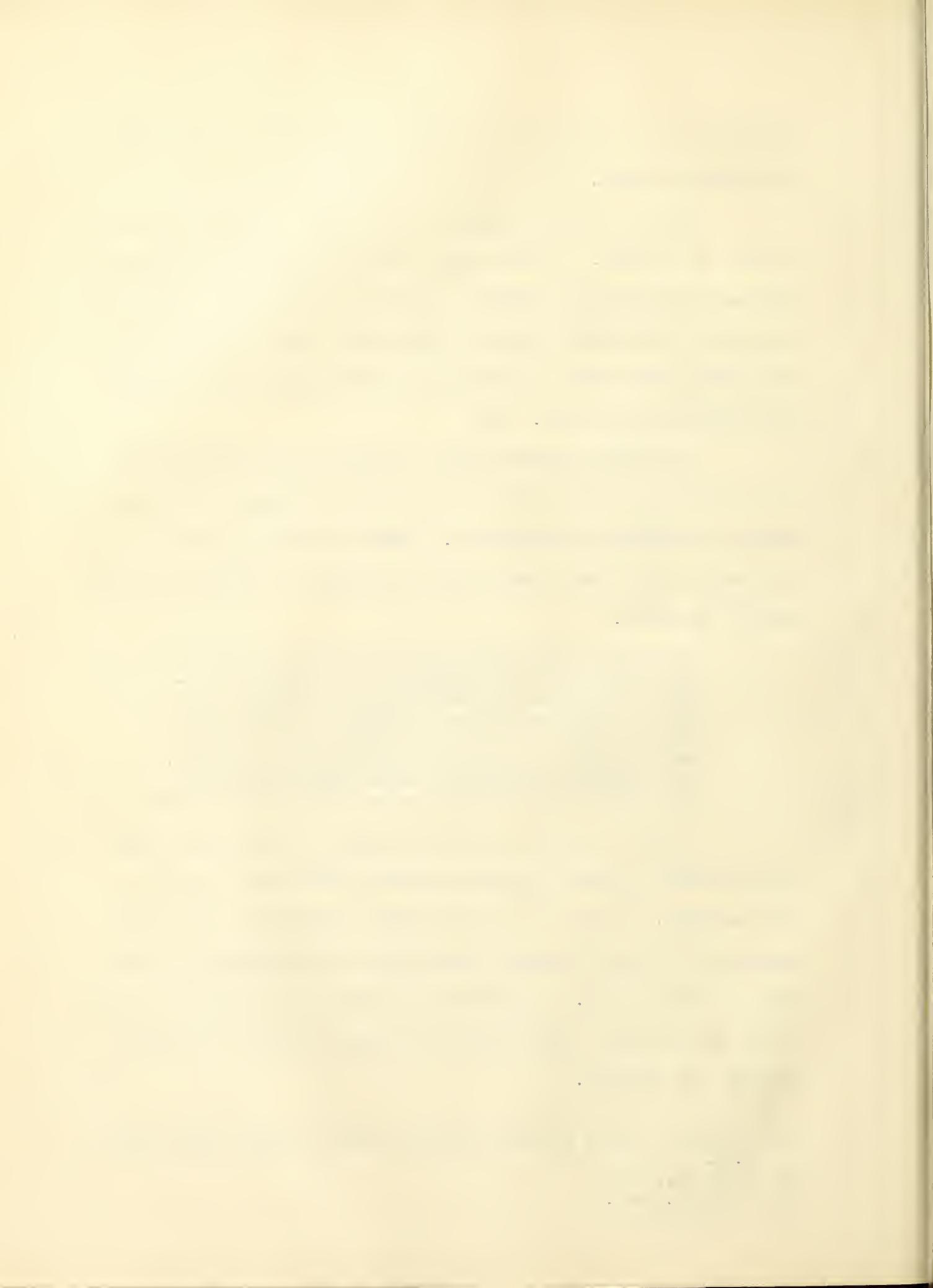
During the Middle Ages, the boot and shoe industry came into its own, so to speak. In this period, the shoe became one of the most important and conspicuous articles of dress, and its length varied with the social or political standing of the wearer. Thus, a prince wore a shoe thirty inches high, a baron, one of twenty four inches; a knight one of eighteen; and so on. (2)

The craft of shoemaking was a valuable and accepted element in all cultures, starting with the very earliest artisans who created sandals for Assyrians and Egyptians. However, it was not until the late thirteenth century that a trade group of shoemakers in London was recognized by the Crown.

In the year 1272, King Henry III granted an ordinance which established the Cordwainer's and Cobblers' Company of London, as it was first Known, and gave it power to supervise the trade generally "for the relief and advancement of the whole business, and to the end that all frauds and deceits may hereafter be avoided". The Cordwainers Company has become simply a guild but one of the oldest and most honored in the city of London. (3)

Footwear in America originated amongst the Indians who made rawhide leather by simple processes and then used leather lacings to make moccasins. It was not until the middle seventeenth century that immigrants from Europe actually transplanted some semblance of a shoe trade to the New World. Although their methods were comparatively primitive, these Colonial cobblers were the original source of the great American shoe industry.

- (1) The Shoe Industry (Vocation Bureau of Boston, Boston, Mass, 1916), p.25.
- (2) Ibid, pp.25-26.
- (3) Ibid, pp.26-27.



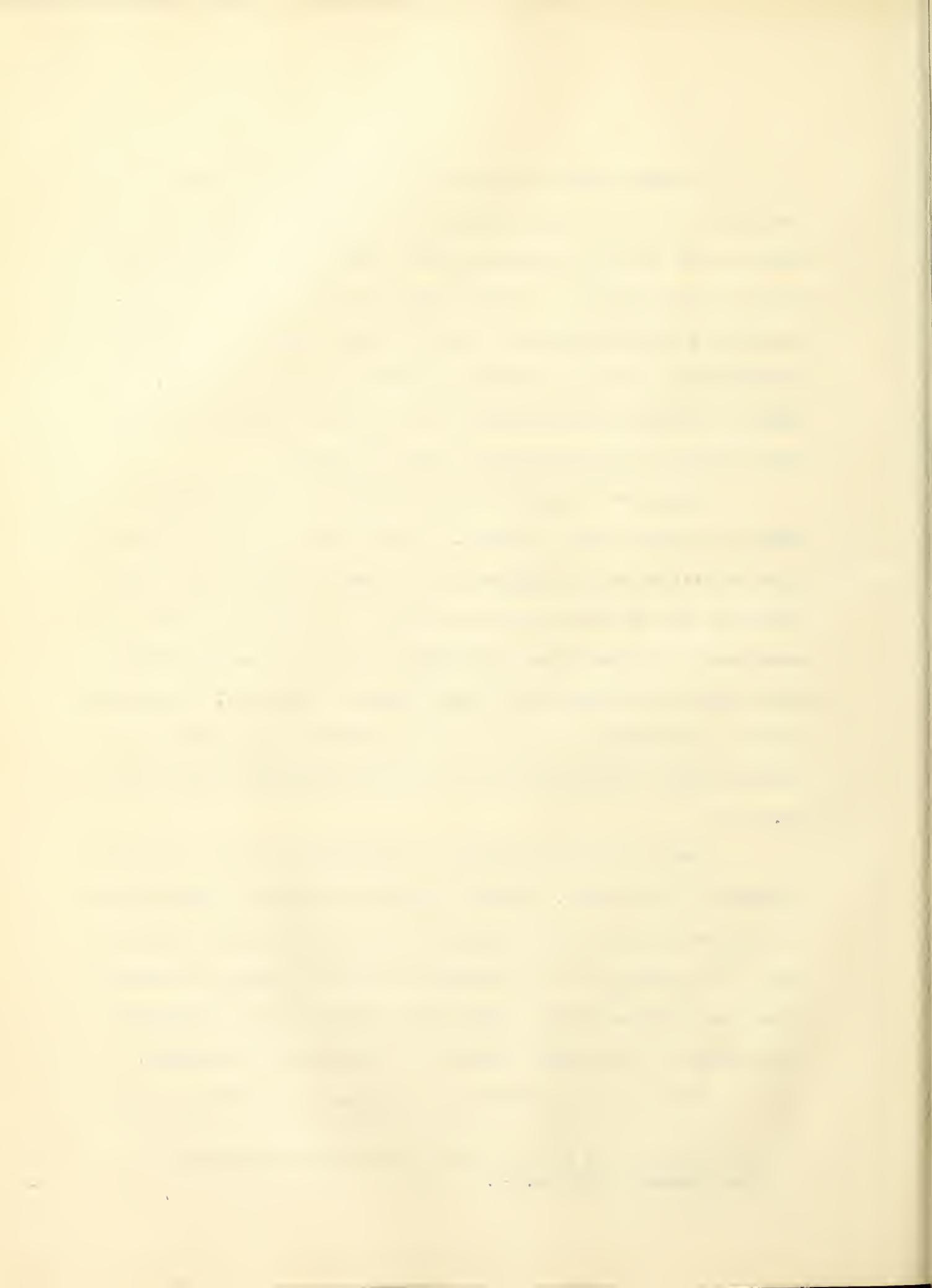
The early American shoemaker had his shop in his home and usually spent a two or three month period at home making shoes, and then became his own traveling salesman who went from village to village disposing of his production. In those days there was little or no reference made to size schedules and in fact, in most instances there was no differentiation in their manufacture between left and right shoes. In addition to selling newly-made shoes, the Colonial shoemaker was kept busy repairing old shoes wherever he plied his trade.

During the middle 1700's there appeared a rather important change in the shoe trade in America. At that time, shoe shops which employed several shoemakers appeared on the scene. It was in these early shoe shops that the first attempts were made at subdivision of labor, advance planning of the various manufacturing processes, and the employment of women and children for simple production operations. Many modern methods of shoemaking are based upon these old craft ideas, and in many instances modern machinery strives to imitate the methods of the craftsman. (1)

After the Revolutionary War, shoe factories as such, came into existence in this country. Further division of labor plus specialization of operation in manufacturing helped effect the rapid growth of this industry. The invention of various types of shoe machinery and the advent of improved technical methods were likewise instrumental in raising the shoe industry to the prominent position it now holds in our economy.

Marketing and distribution of footwear to the ultimate consum-

(1) J. S. Harding, *The Boot and Shoe Industry* (Sir Isaac Pitman and Sons, London, 1931), pp.2-3.

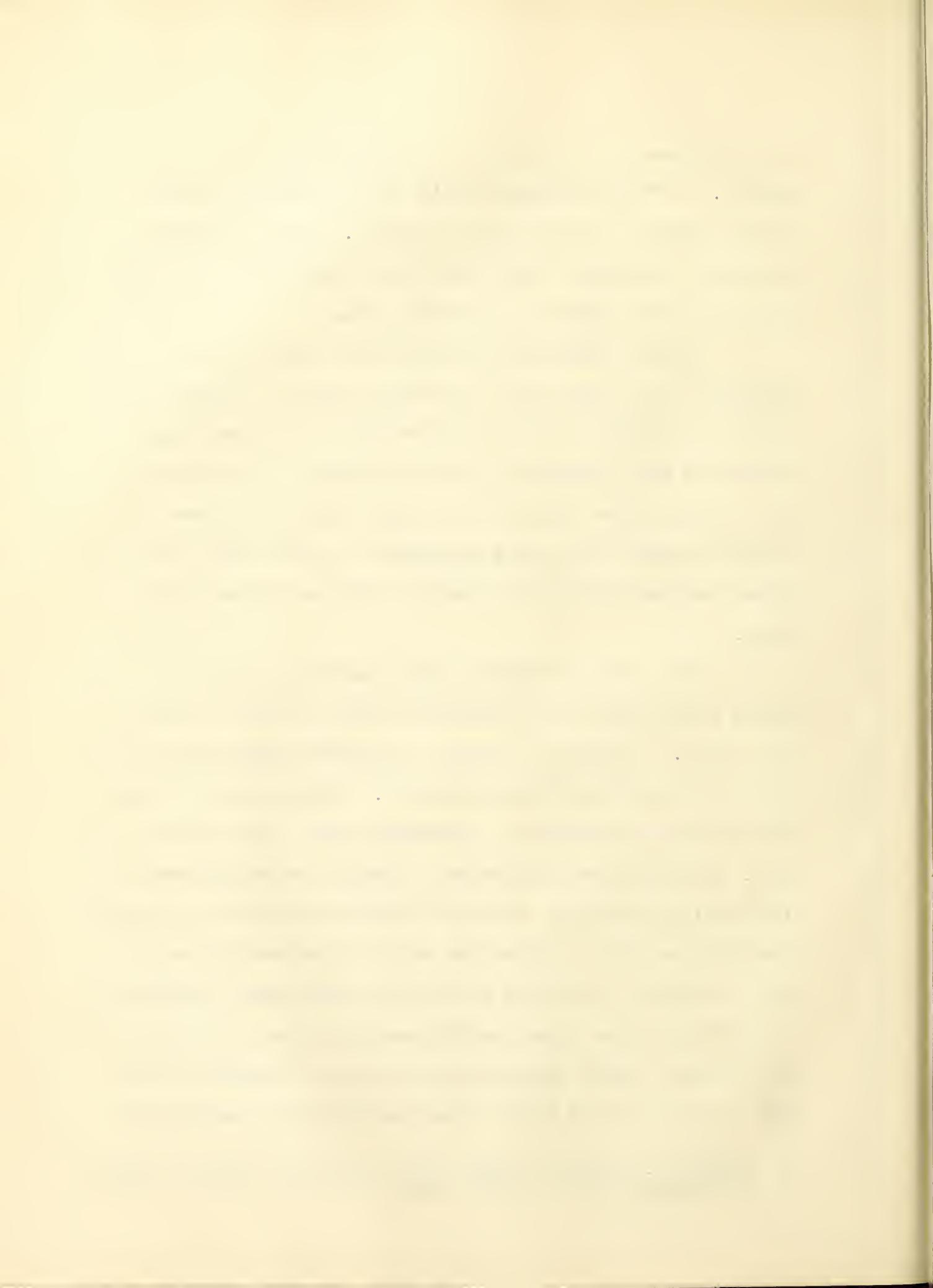


er has progressed and expanded with the general growth of the shoe industry. At first shoemakers traveled the countryside to dispose of their production as pointed out previously. Later as production became more centralized, retail distributive processes likewise gradually lost their looseness and disorganization.

The shoe wholesaler who today holds a position of no little importance in the industry was of inestimable value in bringing about a state of organization to the early development of the marketing processes of this country's boot and shoe business. The New England shoe wholesaler dates back to the very early nineteenth century, distributing footwear from local manufacturers to grocers, dry goods, and hardware dealers throughout the country as well as to shoe dealers proper. (1)

This reference affords a fairly composite picture of the outlets through which shoes were retailed during the early history of this country. In addition to regular shoe dealers, shoes were sold by "grocers, dry goods, and hardware dealers". This broad base of retail activity has been narrowed to a considerable extent during the past 75 years. With the advent of specialty, department, and chain stores, we find that the retailing of footwear has become less and less a haphazard spewing of production throughout the nation's retailers, and more and more a scientific distribution of shoes from manufacturer to wholesaler, to retail shoe stores, department and specialty stores. Of course in most instances, larger retailers such as chain and department stores find it possible to buy directly from the manufacturer, assuming the

(1) Chauncey M. Depew, One Hundred Years of American Commerce, (Haynes and Company, New York, 1895), p.571.

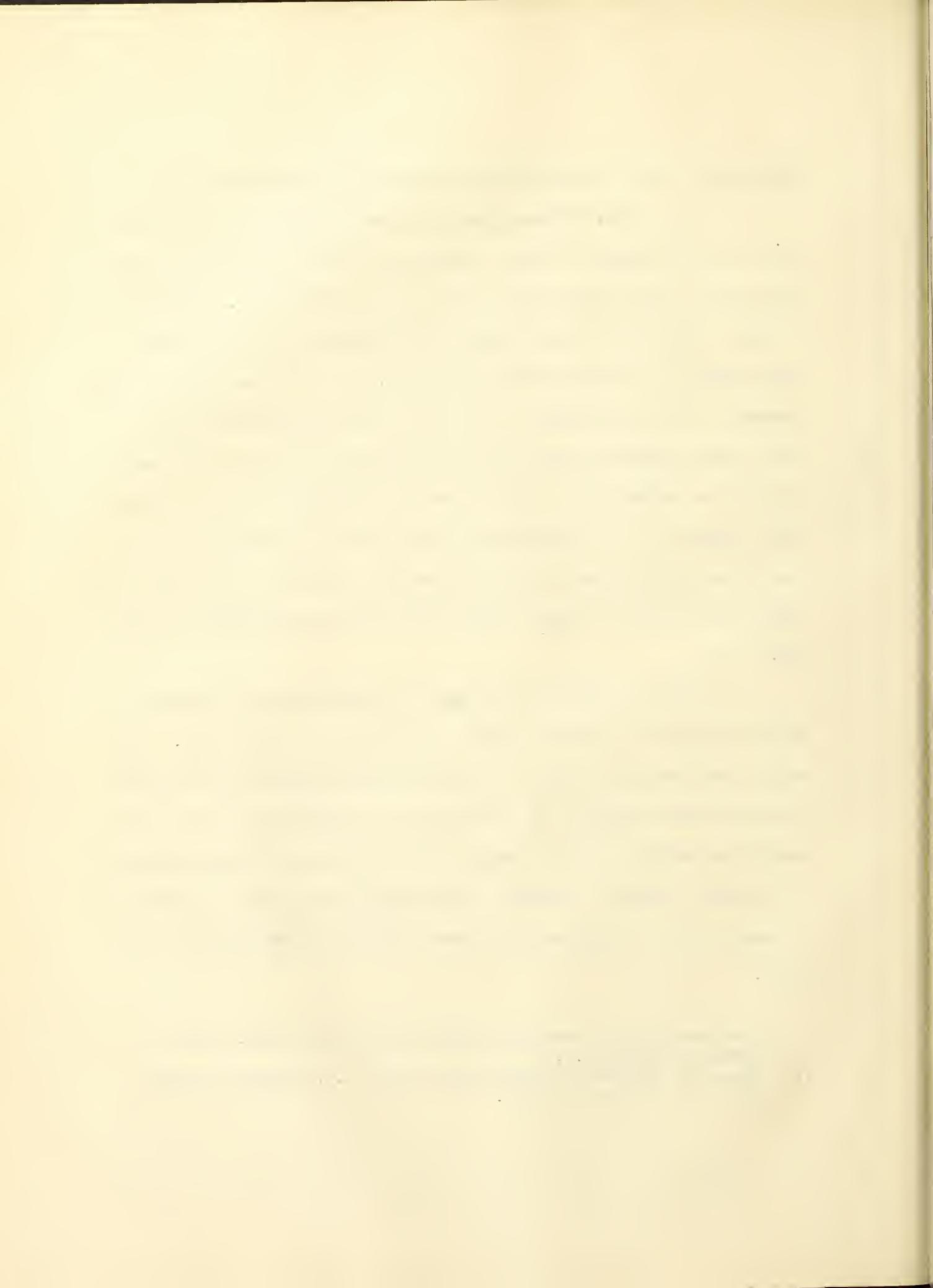


functions of the wholesaler within and for their own organizations.

As in other trades, there have been developing in the retail shoe business through the years, several new types of outlets. Foremost amongst these are the chain shoe store organizations. During the ten year period prior to the Census of Distribution of 1939, chain store sales of shoes rose from 45.7% to 55.9% of all shoes sold. Nevertheless, it is of importance to point out that approximately 40% of retail shoe sales were made by stores which were not shoe stores exclusively, i.e. department, apparel, general merchandise stores, and mail order houses. (1) In the overall picture, shoe retailing in all its phases had increased more than 50% from 1939 to 1944. In 1939 the total annual dollar value of shoes sold at retail was approximately \$617,000, 000. (2)

The shoe business as we know it today has come a long way since the days of the first pioneer bootmakers in the New World. The entire shoe industry in both its manufacturing and marketing functions has continually displayed the initiative and aggressiveness which are conclusive evidence that the American shoe retailer will henceforth, as in the past, continue to provide his customers with better footwear for the money, than is produced and offered for sale anywhere else in the world.

- (1) Establishing and Operating a Retail Shoe Store, (U.S. Dept. of Commerce, 1946), p.3.
- (2) Census of Business, Retail Trade; 1939, (U.S. Bureau of Census, 1943), Vol I, Part I, p.69.



C. Types of Retail Shoe Outlets

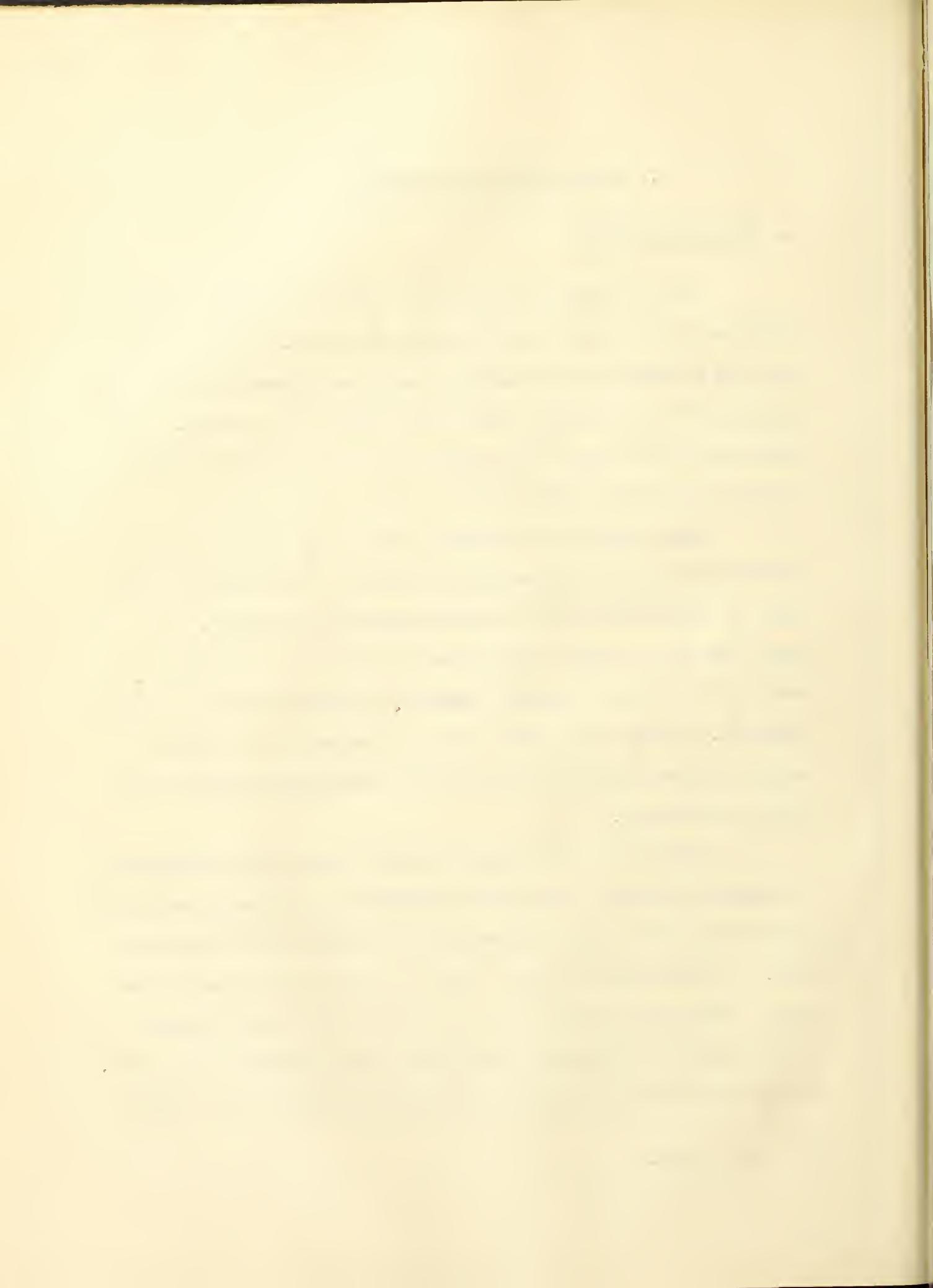
1. Retail Shoe Chains

The 1939 Census of Distribution tells us that there were over 20,000 retail shoe stores in this country that year. Of this figure, about 34% of the stores were parts of chain organizations, but this 34% did nearly 56% of the entire retail shoe volume of the country. To be more specific, the chains with 6,829 retail units did \$345,381,000 of the total shoe sales of \$617,064,000. (1)

These figures are indicative of the tremendously important role which chain organizations play, not only in the retailing of all types of footwear but also in our entire marketing structure. It would seem that the chain store method of retailing is an attempt to make our distributive processes function as efficiently as our productive processes. Whether or not this attempt is successful is in itself a weighty problem deserving of much deeper consideration than can be offered in this paper.

Retail shoe chains usually consist of shoe stores exclusively, as opposed to chains of leased shoe departments and to chains which have retail units of the leased department type and also of the shoe store type. The advantages of having a chain of shoe stores exclusively are many. With leased departments, the operation of the shoe department must be molded to fit into the operation of the department store itself. With no such changes in policy and operation to contend with, a chain

(1) Ibid, p.120.



of shoe stores can function more efficiently and independently, with its control systems completely centralized and with no procedural exceptions. Additional accounting and record-keeping are avoided with an all-store chain, and finally with no leased departments, "percentage of gross" agreements are practically negligible, being replaced by regular fixed rental agreements between property owner and the chain. The following organizations are examples of chain store groups which consist of retail store units only: Edison Brothers Stores, A. S. Beck Shoe Corporation, John Irving Shoe Corporation, and Thom McAn and John Ward divisions of Melville Shoe Corporation.

Other chain organizations do their retailing exclusively through leased departments in department, specialty and even variety stores. Although this type of operation is not too prevalent there are a fair number of shoe retailers who have become connected with chain department or chain variety store groups. And by so doing, have themselves become chain shoe retailers with leased departments exclusively. As their lessees' organizations have expanded, these shoe retailers have likewise increased and expanded the number of shoe departments under their operation.

Many chain store groups have found that they can operate most profitably by having a variety of retail outlets under their control, including shoe stores and leased shoe departments. Thus when advisable, they can take advantage of their lessees' growth as an aid to their own expansion, and in addition, by running stores of various types and classes their operation can permit the greatest of flexibility in merchandising such a chain. Sudden market changes and price corrections can



be employed to the best advantage in chains with varied retail units.

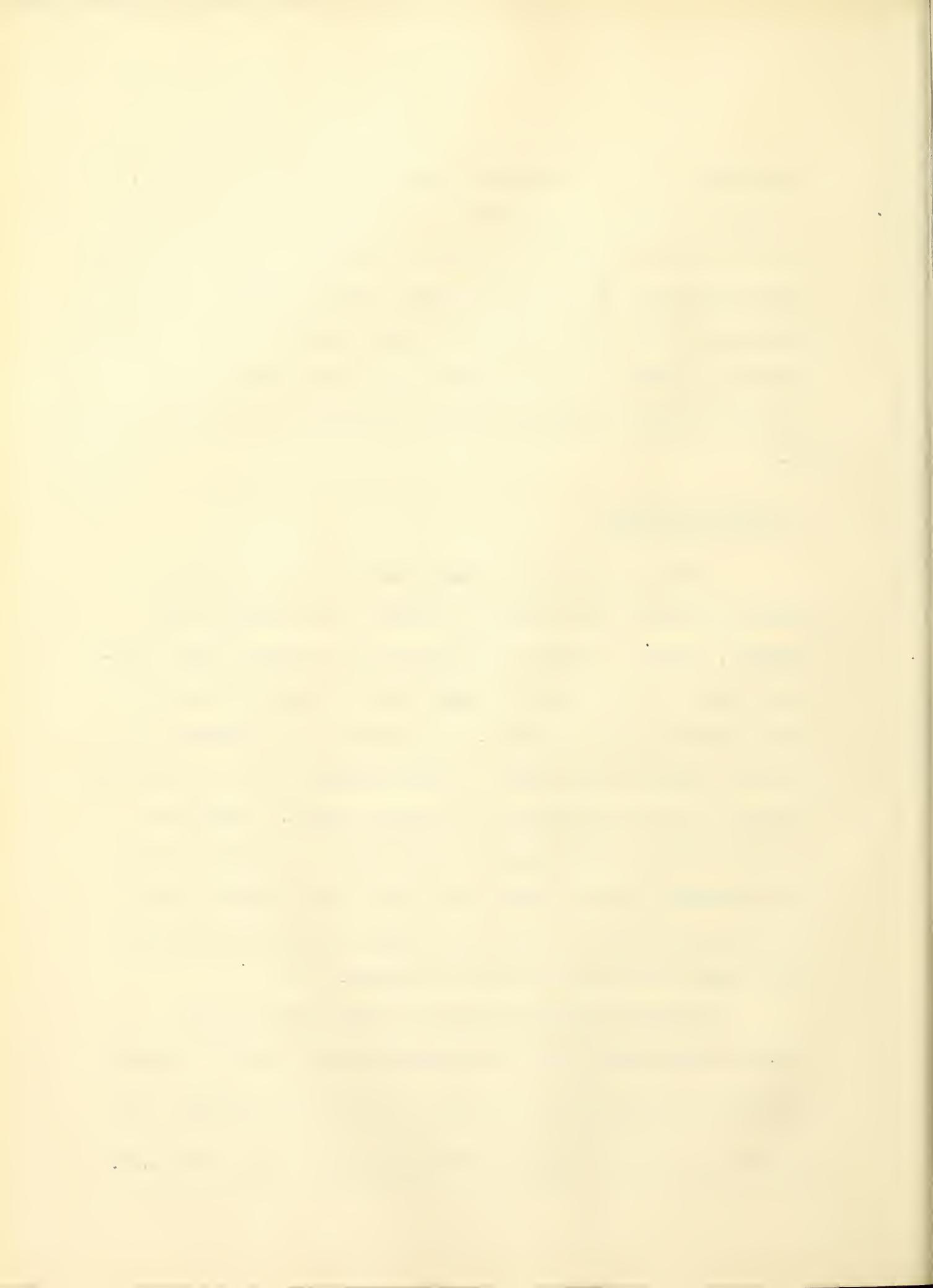
Of course the argument is advanced that specialization is desirable policy in shoe retailing as it is in most commercial pursuits, but nevertheless diversified and decentralized chain groups such as Gallenkamp Stores, Karl's Shoe Stores, Wohl Shoe Company, and Shoe Corporation of America have proved to be not only highly profitable operations, but also are considered by many to be the pace-setters in shoe retailing today.

2. Mail Order Houses

Since the turn of the century, the mail order business has grown rapidly and is now an important segment of our shoe marketing structure. However, present indications are that the mail order retailing of shoes in large cities has about reached its peak and a leveling trend in sales volume is expected. It is apparent that department, chain, and even independent shoe stores in highly populated areas are definitely replacing the mail order house to the greatest extent. Nevertheless the rural market is still untapped to some extent, and there is a definite indication that mail order shoe retailers can continue to show increasing sales volumes as long as they operate efficiently and present staple shoes at right prices to their customers. (1)

Many shoe factories and even some large shoe retailers (e.g. John Irving Shoe Corp.) have discovered a ready source of highly profitable sales volume in the operation of mail order divisions. Such

(1) Norris A. Brisco, *Retailing* (Prentice-Hall, New York, 1947), p.25.



undertakings usually operate in most cases under different names, so that there will be no identification with the parent organization. The marketing on a profitable basis of special types of shoes and odd sizes and widths, is often a rather simple procedure with the use of a clever mail order advertisement, backed up by a small but efficient mail order organization.

By shrewd buying and efficient operation, mail order shoe houses have succeeded in eliminating many of the disadvantages which are supposedly an adjunct of selling by mail. The offer of an unconditional money-back guarantee, plus quality and style, and fashionable shoes at the height of their popularity, have helped this type of retailing reach its high level of activity. More than likely, the mail order shoe business will continue to grow despite its lack of personal contact, as long as regular retail merchants continue to be cold and impersonal in their dealings with customers. (1)

3. Factory-Operated Retail Stores

Stores of this nature generally group themselves into two types. The first and more important of these types is the factory-operated retail shoe chain. This integrated method of operation is becoming increasingly prevalent throughout the shoe industry. In fact two of the organizations mentioned in our previous discussion of chain store groups are actually of the factory-operated type. Specific reference is made to A. S. Beck Shoe Corporation and Melville Shoe Corporation.

(1) Ibid, p.25.



Many large factories feel that they are in a position to bring footwear to the public more cheaply and efficiently than regular channels are doing. Such thinking has been the underlying motivation for the entry of many of these large producers into the retailing field. Their attempts at integration have met with considerable success, and few can deny that such shoe chains do give value for the money spent on their footwear.

The second type of factory-operated retail store is the so-called manufacturers' outlet. Many shoe factories which do no other form of retailing, have a factory-store through which a considerable quantity of shoes is disposed of during any normal year. In addition, these factory sales-stores often carry the plant's "F.D.'s" (factory damaged shoes) at remarkable price savings to the public. The total volume of sales of footwear through this type of outlet is, by comparison to the overall shoe retailing picture quite small. Nevertheless, to the factories individually, such sales volume may often be the source of considerable income which might not otherwise be obtained.

4. Voluntary Chains

Several of the large, integrated companies in the shoe industry have available to selected retailers full and comprehensive dealer franchise programs. International Shoe Company and Brown Shoe Company, both of St. Louis, Mo., are leaders in the development of voluntary chains in the field of shoe retailing through their systems of producer-retailer cooperation.

The Merchants Service Plan of International Shoe Company offers



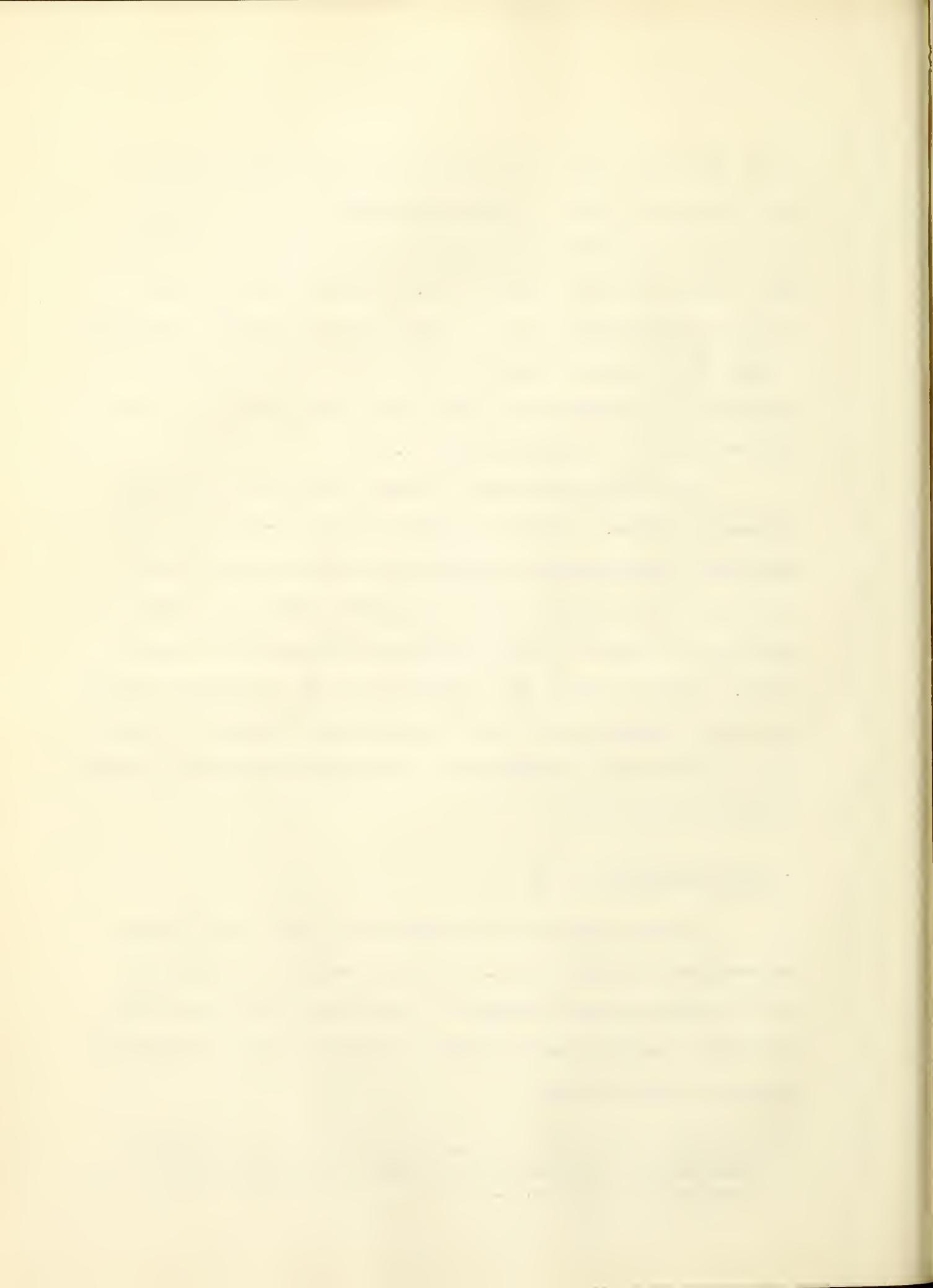
a prospectus which tells quite clearly and concisely just what their plan is supposed to do. In brief, participating stores retain their individuality by operating under their own name, but all merchandise must be bought from International Shoe. Leasing and store planning services, merchandising and stock control, and advertising and operating problems are the important elements of the plan for which expert counsel and guidance are available from both the home office and field service representatives of International Shoe Co. (1)

Many shoe retailers are reluctant to take part in any such cooperative venture. They feel that once they are part of such a plan they cease to be independent retailers and are more and more under the control of the manufacturer, with a corresponding decrease in their opportunity to operate as freely and as individualistically as they choose. Certainly, before any subscription to such a franchise program is actually undertaken, the retailer should weigh, logically and carefully, all the related advantages and accompanying disadvantages accruing to him from such a step.

5. Cancellation Shoe Shops

A rather newly-arrived element in the retail shoe field is the so-called cancellation shop. The word cancellation, as employed in this connection makes reference to those styles, colors, and materials which a factory ceases to produce from time to time, for seasonal, economic, or other reasons.

(1) Prospectus, "A Tested and Proven Plan for Success in the Retail Shoe Business", Merchants Service Dept., International Shoe Company, St. Louis, Mo. p.7.



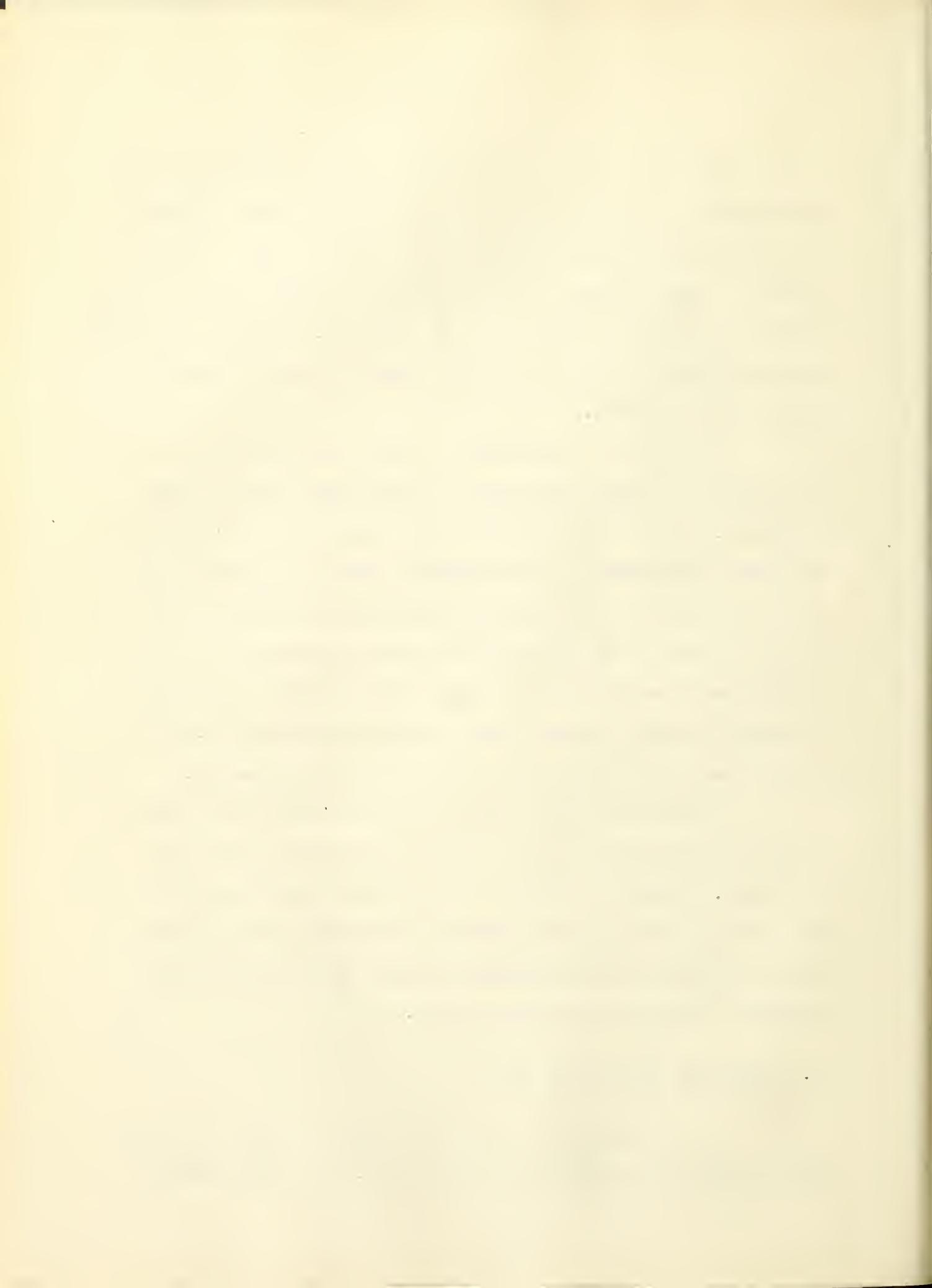
These shoe stores usually carry just a few pairs of each style and accordingly have little to offer in the way of a normal assortment of sizes. They predicate their business on the fact that a cancelled number is usually disposed of by the factory at a very low price, in many cases at far below the original cost of production. Thus the cancellation shop can offer shoes which actually are cancelled styles at remarkable savings to the consumer.

In addition to cancellations, these shops usually stock factory rejects and damaged shoes which they can offer for sale at very low prices. Shoes which are really factory damaged or cancelled lines are normally good values to the purchaser. However after considering the vast number of cancellation and reject shops in business at this time, it stands to reason that not all of their merchandise is actually of these two classifications. In fact, it would probably be necessary for some factories to produce nothing but cancellations and "F.D.s" in order to keep all of these stores stocked with such merchandise.

Cancellation shops as such are an unorthodox form of distribution and their importance in the field of retailing is practically negligible. However we must admit that as long as a gullible public will patronize them, we shall continue to see cancellation and reject shoe stores spontaneously springing up in and, just as erratically, disappearing from the retail shoe picture.

6. Independent Retail Shoe Stores

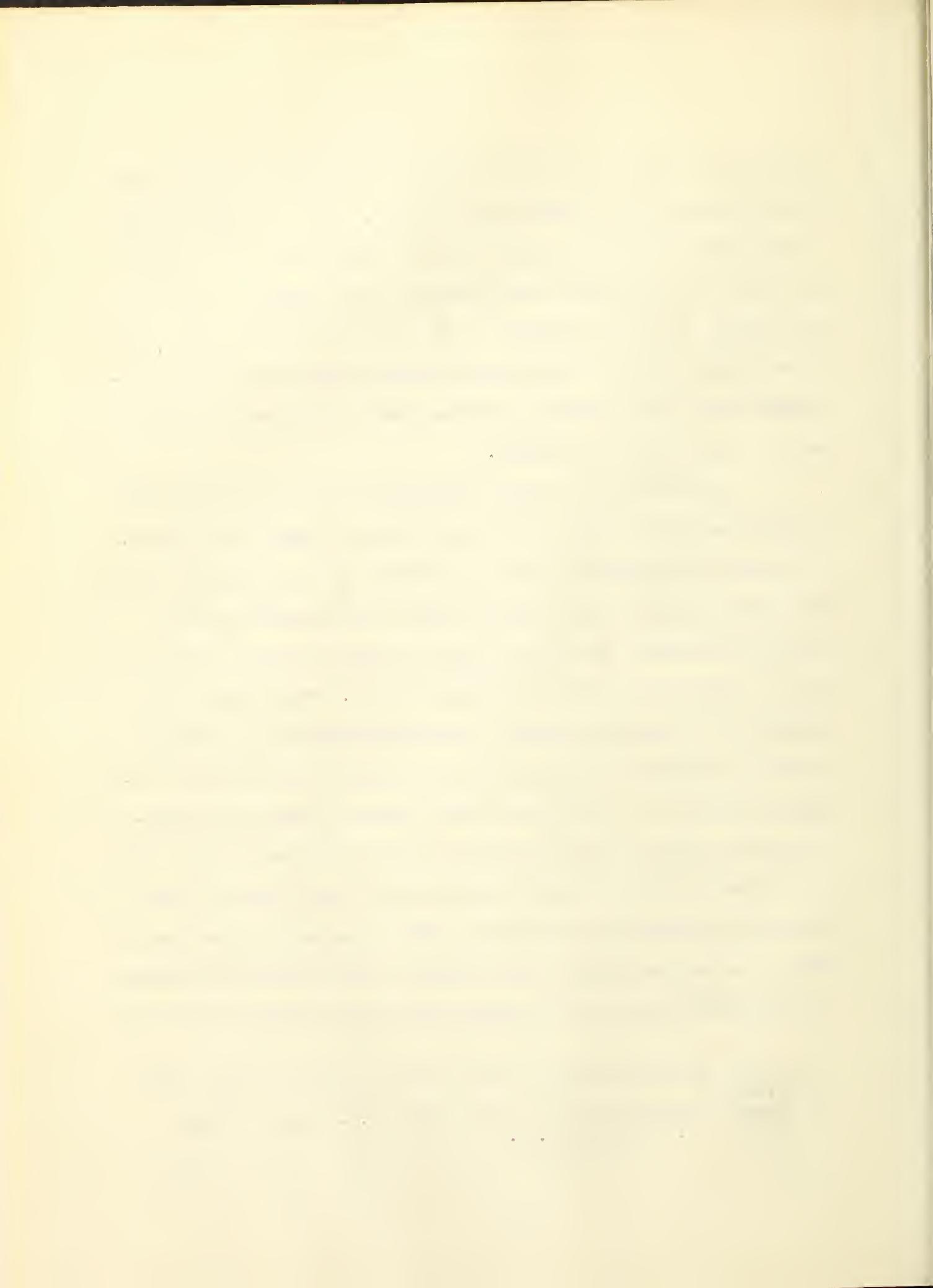
In 1948 independent shoe stores did approximately 48% of the entire retail footwear business in the country. The volume done by



this type of retailer amounted to roughly \$720,000,000 as compared with \$780,000,000 done by all other shoe retailers. (1) In comparing these figures with those of the latest census, we note that in 1939, independent's did 41% of the retail shoe business in this country; a sum of \$253,000,000 as against \$364,000,000 done by all other retailers. (2) These figures indicate that, despite the large inroads made by chain organizations in shoe retailing, the independent shoe store is a vital element in the retail shoe business.

Independent shoe stores normally fall into one of these three classes: family shoe stores, men's shoe stores, or women's shoe stores. The family store handles all types of footwear for men, women, and children, without specializing in any one type. Such stores are usually found in neighborhood locations and many have built up over a period of years, a substantial number of regular customers. Staple shoes and, perhaps of the greatest importance, nationally-branded lines normally compose the backbone of the merchandise structure of such stores. Naturally, family shoe stores cannot in most cases be leaders in presenting new shoe styles to their customers. But by their very nature, such is not their purpose, although some family shoe store operators have mistakenly attempted to operate their women's departments on as "fast" a basis as do some chain store style leaders. Any such misguided attempts at specialization have usually effected undesirable results not only for

- (1) Survey of Current Business, U.S. Dept. of Commerce, January 1949, p.10.
- (2) Census of Business, Retail Trade: 1939, (U.S. Bureau of Census 1943), Vol. I, Part I, p.59.



the women's departments, but also for the other departments of the stores concerned.

Men's shoe stores usually handle footwear for men and boys. Such stores are often located in or near the largest shopping centers in any city. This is especially true of men's shoe stores which are part of a chain organization. In addition, these specializing retail outlets may be found in better grade suburban shopping developments, although for the most part, family shoe stores are usually found in such areas. Many of these exclusively men's shoe retailers have their shoes manufactured to their own order and specifications, branding them with their own name. Also they usually carry one or two nationally-advertised lines of men's high grade footwear. Shoe departments (leased and otherwise) in men's stores of large department stores offer excellent examples of a steady, staple, and unhurried operation which is also highly profitable. Regular customers are a most necessary adjunct to this type of specialized operation, and this is especially true as the grades of shoes handled are traded up. Personalized and attentive salesmanship are the normal policy in such stores. Naturally a customer in a Flagg Brothers store (subsidiary of General Shoe Corporation, Nashville, Tennessee) can hardly expect the same attention he would receive in a French, Shriner and Urner store, or in Coes and Young, in Boston.

In 1939, there were 2,735 women's shoe stores in this country which did a total volume of \$154,000,000. (1) These figures cover all types of women's shoe stores, including chain and independent types.

(1) Ibid, Part II, p.298.



But, we do know that the average annual volume for independent women's shoe retailers in 1939 was \$36,771, as compared with \$13,642 for men's stores, and \$18,525 for family shoe stores. (1)

It is apparent from these figures that stores of this classification are in the van of the independent operation of shoe stores. In this regard, much more general information on independent women's shoe stores is presented in the paragraphs immediately following. In fact this entire study is dedicated to the exposition of sound merchandising methods and operating policies for such stores to follow.

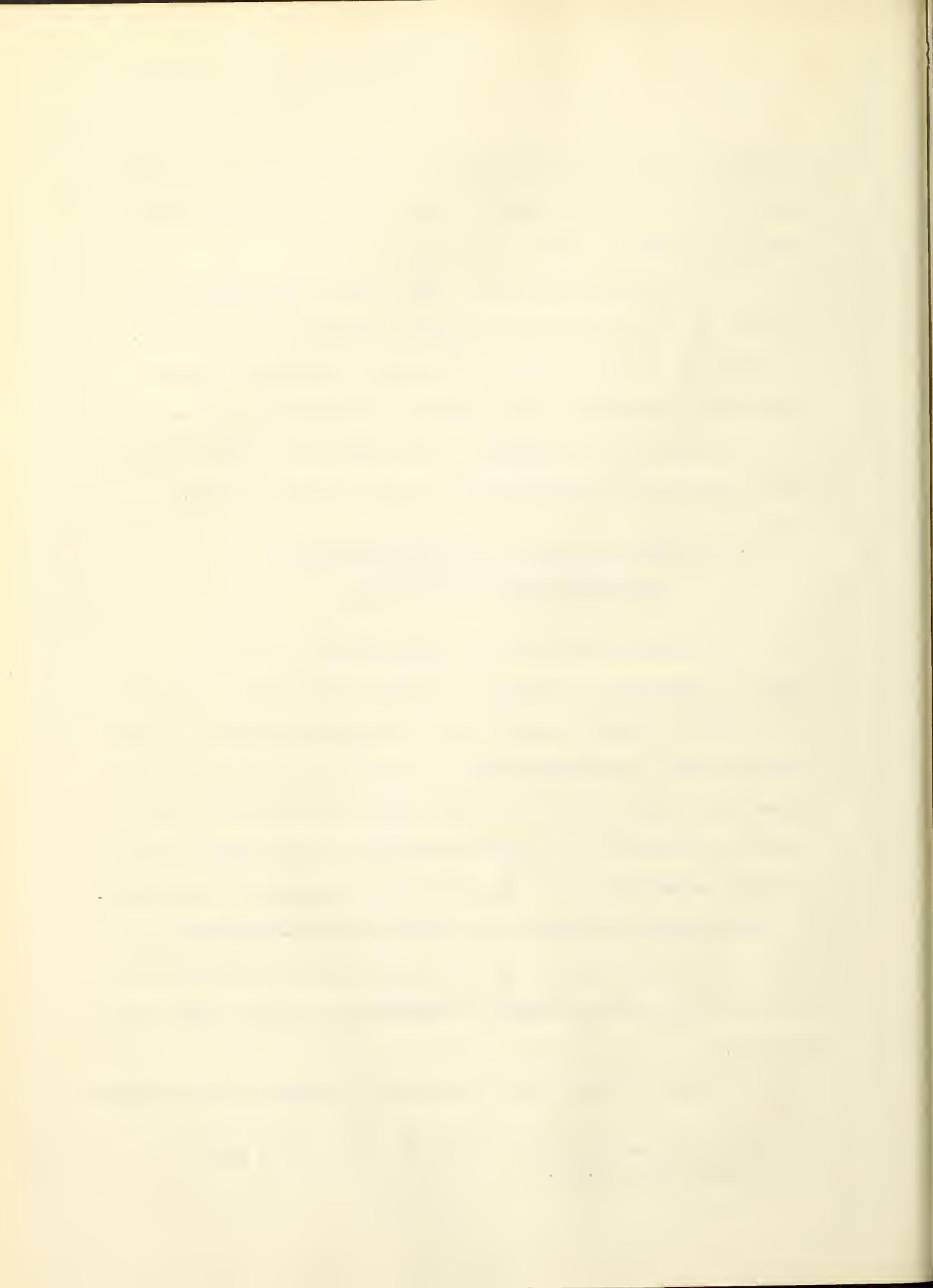
D. The Present Position and Future Importance of

Independent Women's Shoe Stores

The independent retailer of women's shoes is engaged in as dynamic and competitive a business as can be found anywhere within our entire pattern of marketing activity. To resignedly maintain, as some people do, that the independent shoe retailer must eventually give way completely to chain stores, is as short sighted an attitude as the insistence by others that the hastened departure of independents from the retailing picture would be a step forward in the progress of our economy. This latter school of thought is motivated by the all-encompassing argument of the chains that their economical operation can provide footwear for the consumer more efficiently and cheaply than any other form of distribution.

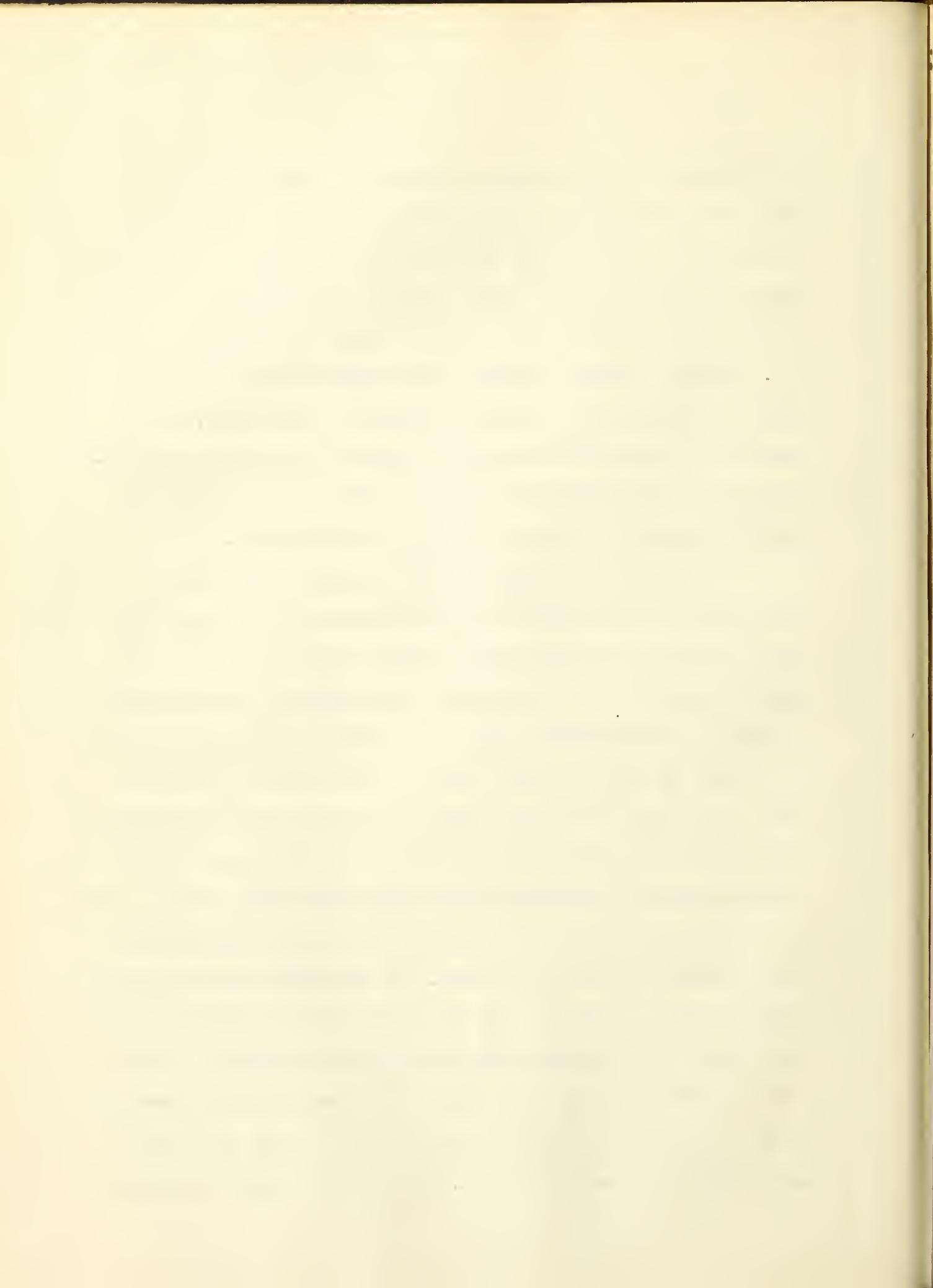
There is little to offer in the way of rebuttal to this argument

(1) Establishing and Operating a Retail Shoe Store (U.S. Dept. of Commerce, 1946), p.152.



but we can make the well-founded statement that there is certainly a place in our economy for the independent shoe retailer, and more specifically for the retailer specializing in women's shoes. The independent shoe store, by its very nature, can offer far more to the consumer in the way of personal service than most chains can ever hope to offer. But this advantage enjoyed by the independents is not enough to permit a relaxing of the effective management of such stores. The independent shoe retailer specializing in women's shoes must be made cognizant of the many efficiencies enjoyed in chain operation which are adaptable, albeit on a smaller scale, to his own business.

The retailer of women's shoes can expect competition from department stores in addition to the independents' usual nemesis, the alert and fast-moving women's novelty chain. It is both illogical and unwise, in addition to being abjectly disappointing, for an independent to expect to keep pace with chains of this type. They move far too fast in the style picture for a small dealer to stay abreast of them--but that is the job of such chains, whereas the function of the independent is to provide attractive, well-made shoes, in suitable assortments of price and size, at a reasonable point in the fashion cycle; that is, after the women's novelty chains have transposed a new fad in female footwear to an acceptable style for most women. The department store shoe shops in many cases are leased, and also very often are units in chains of such departments. In these cases, the independent retailer can learn much from the operations of such competition since department stores cater to a widely-varied consumer group, a part of which the retailer may likewise be attempting to serve. There is much room for improvement



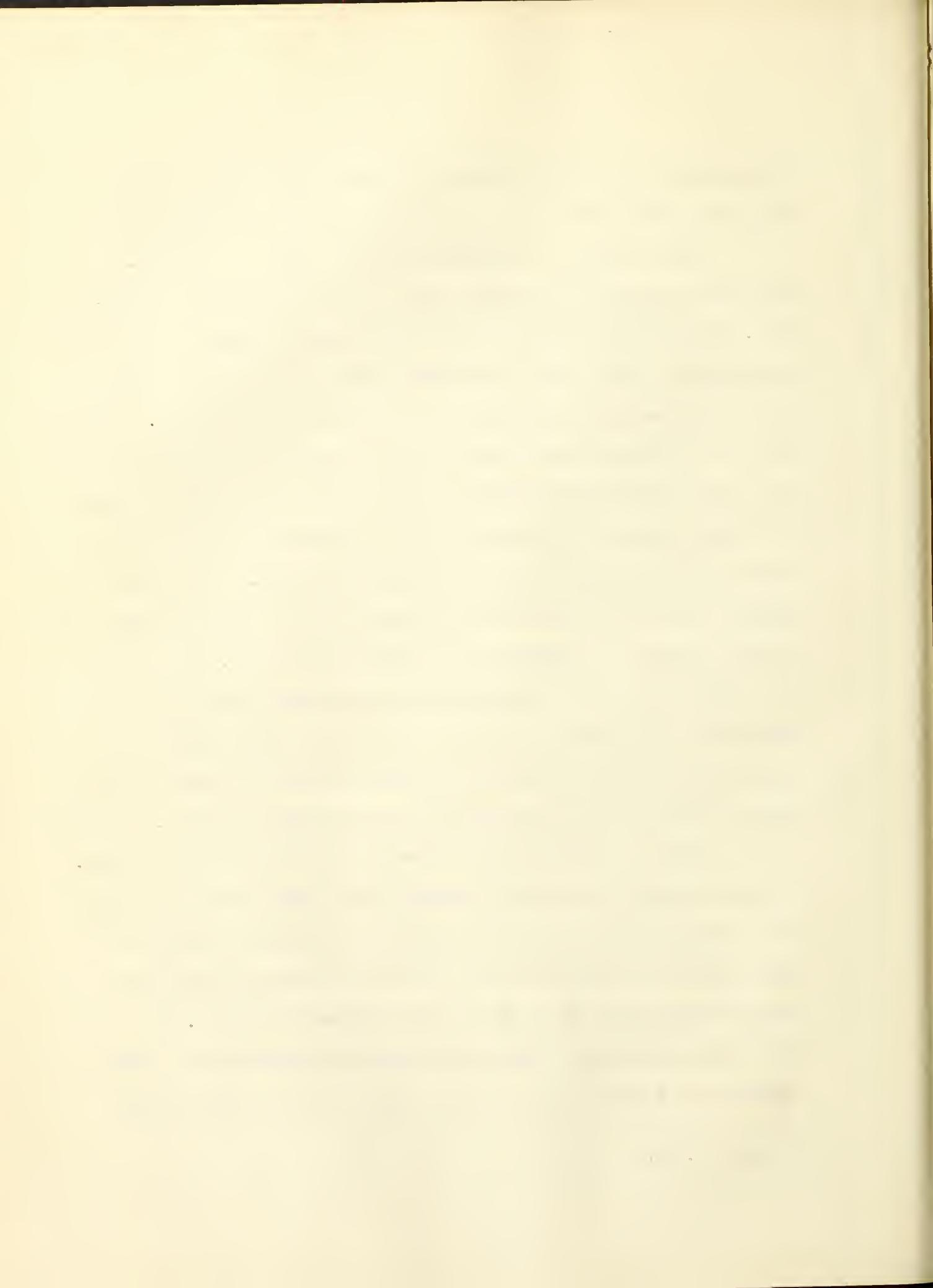
in independent shoe store operation, and an excellent source of beneficial ideas may spring from close observation of efficient competition.

Specialization of operation results in greater efficiency.

This axiom is as true in retailing as it is in most manufacturing processes. An analysis of figures from the 1939 Census of Retail Distribution bears this out, in that the greatest number of failures of independent shoe stores were concentrated in the family shoe store group. Family stores of necessity must carry narrower assortments of merchandise within each general classification of men's, women's and children's shoes. By so doing, the number of persons which can be served in each group is decreased, and the normal result is poor stock turnover. In addition, capital is tied up in these slow-moving shoes and, as a result further effective operation is impaired if not completely retarded. On the other hand, stores specializing in women's shoes for example, have a wider assortment of styles and sizes to begin with. This should enhance the selling potential of the merchandise, thereby helping to increase stock-turnover which is a must for high volume and profitable operation. (1)

There is no mystery about successful retailing of women's shoes. The market is there waiting to be sought out and tapped, but no combination of slipshod methods, poor merchandise, and a resigned attitude of acquiescence to the aggressiveness of chain and department store competition will ever bring this market to the independent retailer. The future of the independent women's shoe store is a promising one if these operators will remember that they have little to fear and much to learn

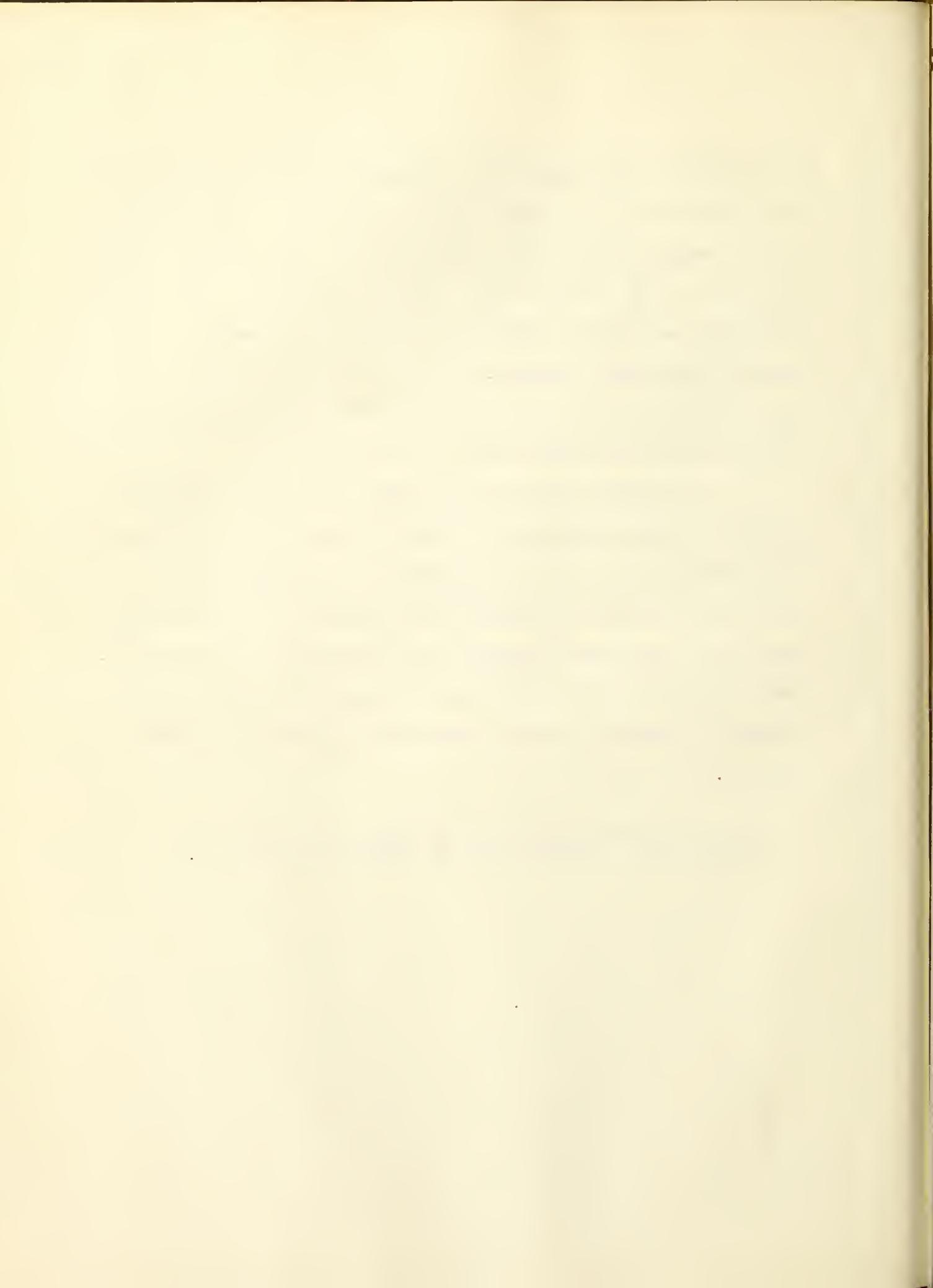
(1) Ibid, p.153.



from their successful competition. Efficient, intelligent, and progressive application of sound merchandising and operating techniques can make an independent shoe store a ringing success; for, actually, there is no other formula for profitable retailing. Beyond this point, the independent operator has something that his chain and department store competition can never duplicate. It is the incentive that a personal owner receives in the form of his personal profit and the satisfaction of knowing that he is doing a good job for himself. (1)

The greater portion of this thesis will concern itself with a fairly detailed presentation of a sound and logical set of merchandising principles for use in the operation of an independent women's shoe store. Some shoe retailers may feel that many of the suggestions made herein are somewhat pedantic and too theoretical to be practical. However, most successful business men will agree that sound theory, properly and logically applied, must result in effective and profitable practice.

(1) David B. Greenberg and Henry Schindall, *A Small Store and Independence* (Greenberg:Publisher, New York, 1945), p.11.



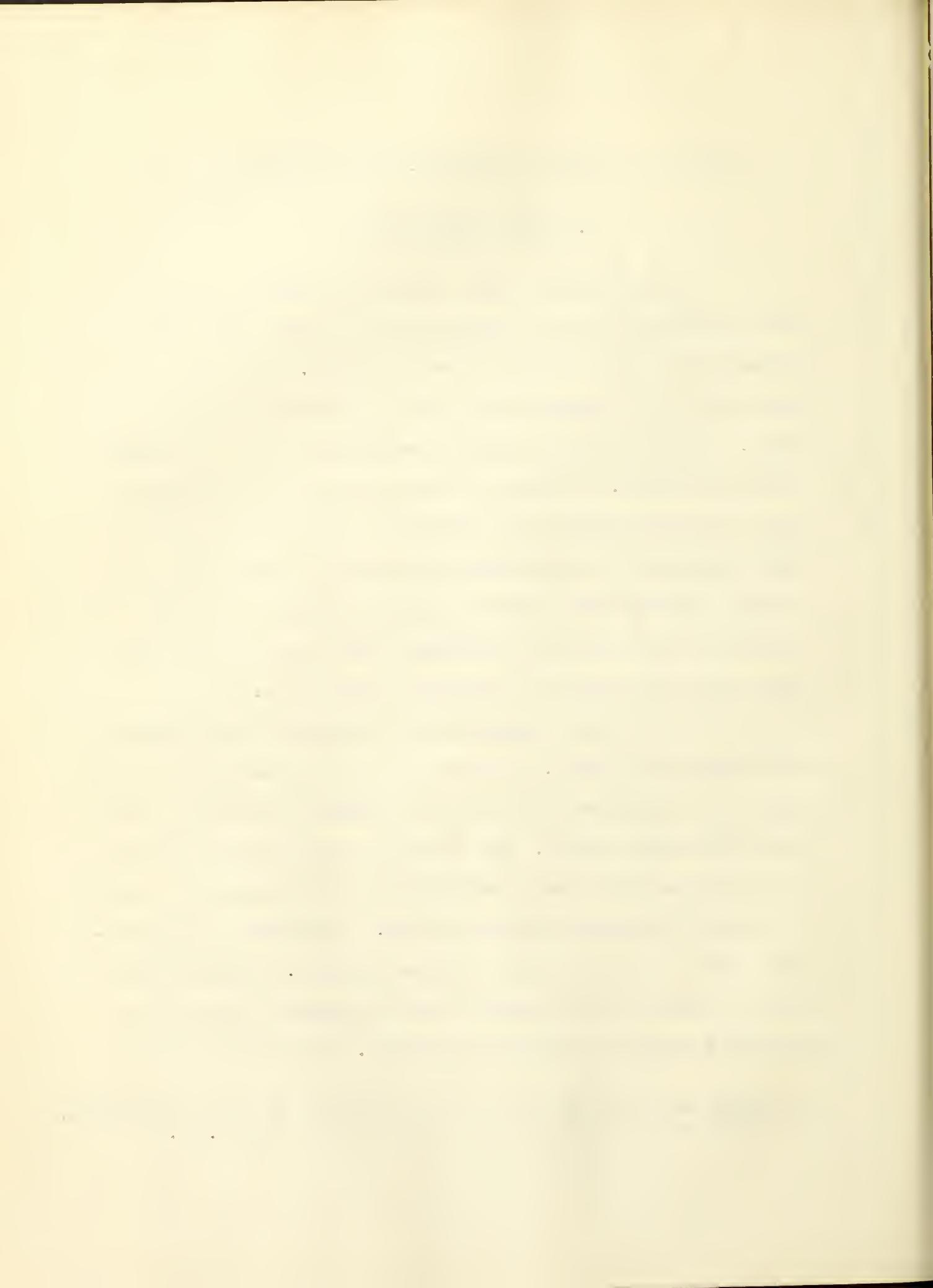
Chapter II. The Buying Function - General Treatment

A. Goal of Sound Buying

The primary goal of sound buying is to have available in correct quantity, price, and assortment, and at correct times, that merchandise which the customer desires to purchase. This statement is the reduction to its simplest form of the very essence of the art of buying. Sound buying means dependable merchandise, which in turn means satisfied customers. To be able to give a little more than people expect; to offer merchandise which wears better, lasts longer or gives better service than was anticipated, is the goal of sound buying, and is a most important basis for making regular customers. By buying effectively, the store and its merchandise become favorably known, and thus we have the attainment of the buyer's primary goal. (1)

It is a commonly accepted axiom in retailing today that "goods well bought are half sold". This truism serves to emphasize the relative importance of buying over the two main merchandising functions of selling and merchandise control. Most marketing experts maintain that the most appropriate definition of merchandising is the adjustment to customer demand of merchandise offered for sale. This concept is the foundation stone, so to speak, of our retailing structure. Effective buying will be realized only when customer wants are properly interpreted and merchandise stocks are efficiently controlled. But if buying is done

(1) *Making People Want to Trade With You*, Pamphlet, Merchants Service Dept. (National Cash Register Company, Dayton, Ohio, 1941), p.144.



properly, the master key to retail success is at hand. (1)

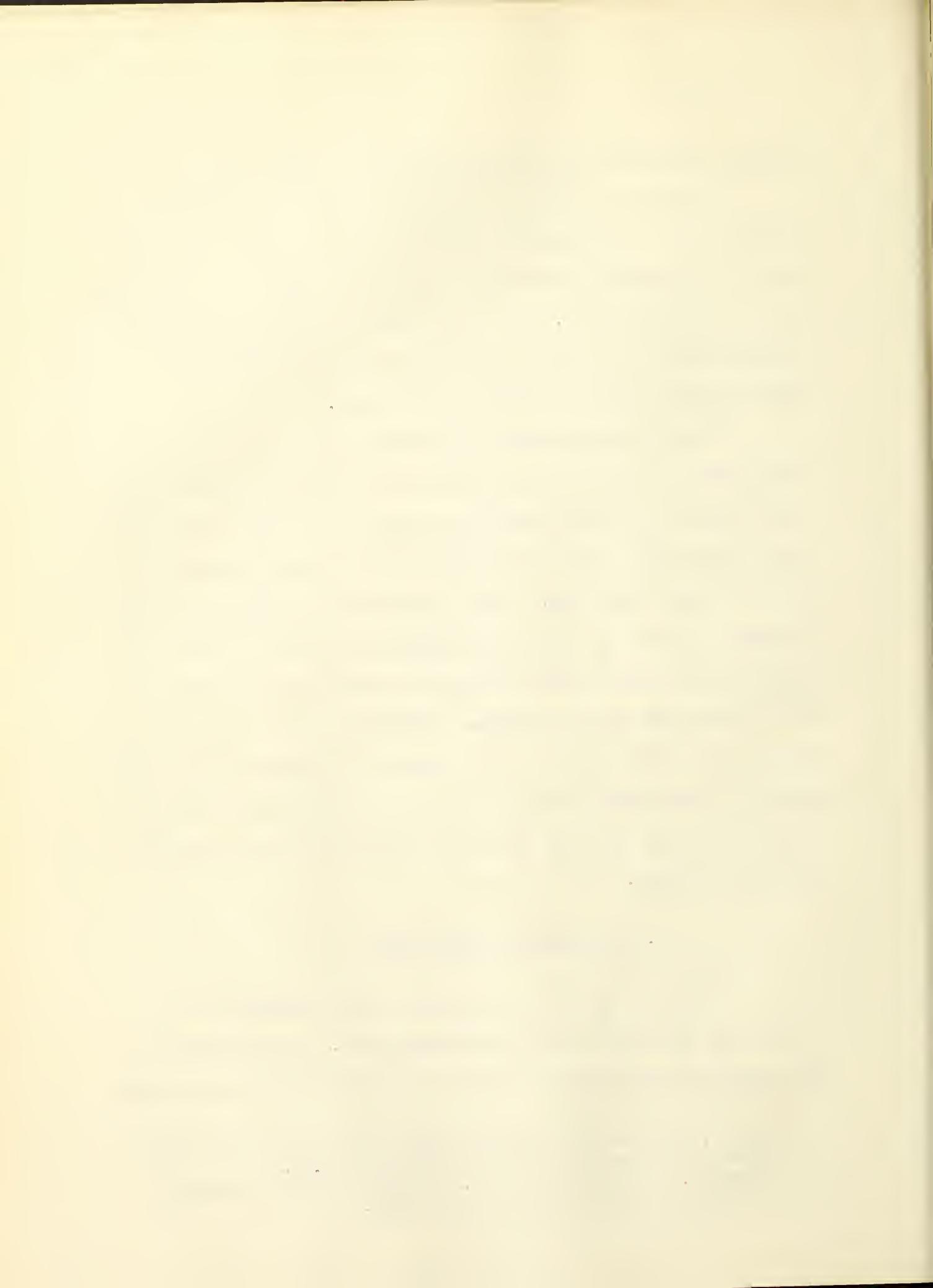
Buying, as used by the retailer, includes the following specific steps: (1) determination of wants, (2) locating sources of supply, (3) inspection of merchandise offered for sale, (4) negotiation, and (5) transfer of title. (2) All of these functions are definitely integral elements of buying, and as such, these points will be discussed at greater length elsewhere in this paper.

The third and extremely important merchandising function of stock control is very often overshadowed by the greater attention paid to the other two functions, buying and selling. An efficiently operated merchandise control system is the vital check and balance mechanism for profitable retail operation. Such a system is the directing force for the buying function, so that customer demand may be met by offering the merchandise wanted, and going further, this demand is then actually satisfied through the selling function. Merchandise control is a most important consideration in any retail endeavor, but suffice to say at this point, you cannot sell if you do not have the right merchandise, and it follows that you cannot have the right merchandise if your merchandise controls are faulty.

B. Necessity for Sound Buying

A retail store's first obligation to its customers is to provide that merchandise which the customers want. Good merchandise that appeals to the customer, will be sold without difficulty, but note

- (1) David B. Greenberg and Henry Schindall, *A Small Store and Independence* (Greenberg:Publisher, New York, 1945), p.55.
- (2) Delbert J. Duncan and Charles F. Phillips, *Retailing Principles and Methods* (Irwin, Chicago, 1947), p.195.

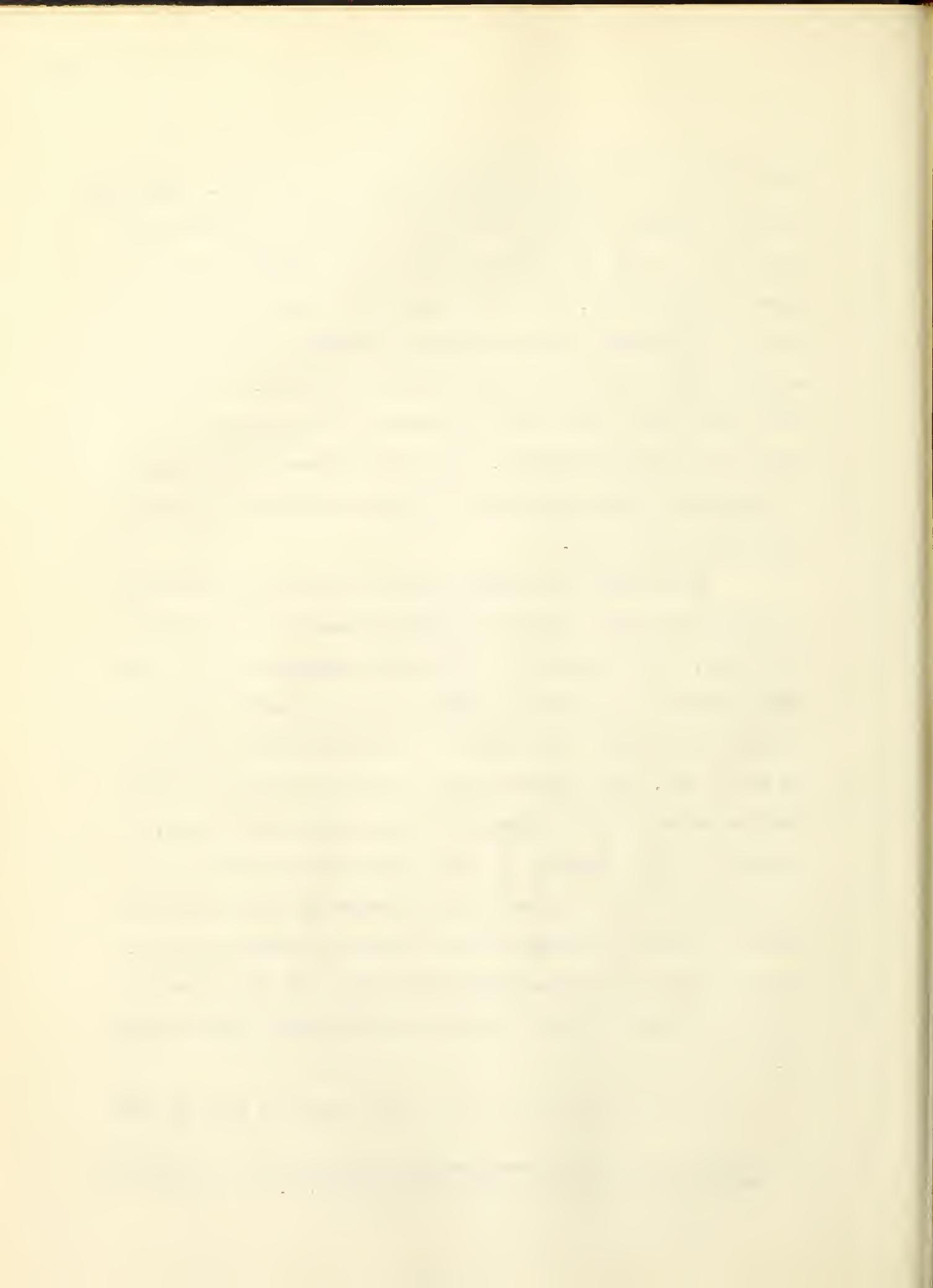


that the words "that appeal to the customer" are underlined. These words are most important, because you may have the finest merchandise available, which you will not be able to sell if this merchandise does not appeal to the customer. (1) As long as a retail store provides service to its customers, and sound buying is foremost on the list of such services, then the existance of that store is justified. On the other hand, when a retail store fails in service to its customers, its continuance is no longer warranted. Sound buying offers desirable goods to the store's patrons, and thereby the store is performing a most important customer service.

Sound buying by a retailer must not only bring satisfaction to customers, but also must meet the store's competition effectively and cleanly. An independent shoe store which advertises genuine black suede playshoes at \$3.98 must be prepared to take remedial action if its competition, chain and otherwise, is offering similar footwear at one dollar less. This competition must be met on a sensible and businesslike basis for the independent to come through in good shape. Possibly the first suggestion in this hypothetical case would be for this retailer to review his own pricing arrangement covering such merchandise to determine whether or not his markup is somewhat too long. If this be the case, the independent could adjust his price, probably not to the extreme low of his competition, but at least, in that direction.

If this retailer were to find that he couldn't possibly come

(1) David B. Greenberg and Henry Schindall, *A Small Store and Independence* (Greenberg: publisher, New York, 1945), p.55.



reasonably close to his competition, then perhaps a review of the suitability of his resource selection for such merchandise is indicated. Possibly similar shoes are obtainable at costs which would enable him to meet his competition sensibly and profitably. The fact that both chains and independents were retailing black suede playshoes at \$3.00 instead of \$4.00 is indicative of the probability that this retailer did not buy at the "right price". Of course, it should not be construed from this hypothetical situation that it is possible, in all instances, for an independent shoe retailer to effectively compete with chain and other competition on a price basis. This is definitely not the case in the retail field nor was it my intention to convey any such inference. The independent must make up to his customer in other attractive features what he may lack in the way of low prices as compared with his chain competition. Personalized and solicitous attention are two very potent competitive weapons available to the retailer. Beyond these, the attraction of national brands and neighborhood location are strong incentives to dealing with the independent which are not often present in the favor of his chain store competition.

A competitive outlook is absolutely necessary for the independent retailer of women's shoes in today's hectic markets, but this spirit of competition if unbridled, may do away with the effectiveness and profits of operation. The shoe dealer, in buying, must evaluate the collective opinion of his customers on matters of price, style, and quality; with these factors considered in the light of the extent and nature of the local competition. A middle of the road policy of merchandising must be followed, which will weigh all of these factors, arranging



them in order of comparative importance when shoes are bought and prices set. The optimum result is an alert retailer who knows his own possibilities and limitations, is completely cognizant of his competition and their operation, and thereby can take the necessary steps to meet the challenge squarely and confidently.

In addition to providing a most important customer service, and to help the independent meet his competition effectively, sound buying must bring about a final result--a result which is probably of the greatest importance of all, that is making a profit. The retailer of women's shoes may offer excellent merchandise, in the latest styles and materials, all priced attractively enough to really draw customers; all of this may be done, but if the store fails to show a profit as the result of such operation, then the inevitable outcome is clearly evident.

All retail business is run in deference to the omnipresent profit motive. The independent shoe retailer is in business not only to please his customers, but certainly most important, to gain financial benefit from such operation. In the capitalistic economy of this country, it will not be denied that every merchant is entitled to fair compensation for his services to and for risks taken in behalf of his customers. Profit at the end of the year's operation is the shape this compensation usually takes. However, an important element of this profit is traceable to sound buying activity. Sound buying is one of the main sources of profit and accordingly, alert retailers attach to their buying its due importance. Good buying supplies the raw elements which, in refinement through the merchandising process, are converted to the very smoothly finished product of high gross margin.



C. The Mechanics of Buying

The buyer of shoes is today confronted with a seemingly endless number of styles, materials, and colors of footwear, all of which, at first glance, may seem absolutely necessary to him for the successful operation of his shoe store. However, after careful consideration of the merchandise being offered, and with due regard for his type of retail operation, the shoe buyer should begin to see a pattern developing as to his immediate buying needs.

As in most other undertakings, the principle of "first things first" must be followed in the buying of shoes. The independent shoe retailer must determine the type of merchandise best suited to the wants of his customers. After this is done, these merchandise requirements must be molded to fit the operating budget which has been decided upon before the buying process is started.

The question of branded merchandise is of the utmost importance for the independent retailer since his business, to a great extent, is built on the ready acceptance by his trade of nationally-advertised footwear which is sold at a uniform price throughout the country. Careful selection of early spring shoes for example, ordered in January for late February and March delivery, may often mean the difference between black and red figures covering the year's activities as reflected in the operating statement, prepared the following January (one year later).

Most shoe retailers have discovered that the minimum average gross margin upon which they can operate successfully, generally runs



to approximately 33%. (1) Such an average will vary with the size of the city wherein the store is located and also with the type of shoes handled. At any rate, the figures are available from many responsible sources such as Dun and Bradstreet Inc., National Shoe Retailers Association, and the U.S. Department of Commerce. Once the retailer has determined, from thorough inspection of his own operations and also from reference to information available in the field, what his minimum average markup is; he must use that as his retail yardstick, so to speak, measuring the possible profitability of any shoe on that basis.

Effective buying will result in profitable retailing if the other elements of store operation are efficiently conducted. Good buying means high sales volume which speed up turnover and reduce the frequency and extent of markdowns. In addition, operating profit is enhanced by effective buying, since capital is not bogged down in slow-moving merchandise. There is money available for new items which can thereby be presented to the customers at the height of their popularity. The consideration by the retailer, of the merchandise to handle raises the point that purchases should be confined to as few resources as possible, to the extent that the retailer will develop into a customer of real consequence to his supplier. On the other hand, the shoe retailer who spreads his buying over a great number of resources will usually find that his business means very little to any of them.

The selecting of merchandise resources is a problem which is naturally to be considered along with the question of the type of merchandise to carry. Today there are many shoe wholesalers and some manufac-

(1) Shoe Store's Operating Ratios, Inquiry Reference Service, U.S. Department of Commerce, 1939.



turers who are actively seeking the business of even the small independent shoe retailer. This condition in the market is the signal for the retail buyer to exercise the greatest discretion in his buying activity. A prolific quantity of merchandise readily available means that the industry is at a peak in its competitive activity. This peak is reflected from the producing sources through distributive channels to the retailer, making his job even more difficult than it inherently is.

Large integrated shoe companies are ready to help the independent retailer in all of his problems, as long as he buys their brands of footwear. Wholesalers today are alert to the importance of sending out salesmen who are not merely order takers, but who are actually merchandising counselors and can help a retailer's operation perhaps more effectively than any other one agency. Smaller manufacturers are resorting to the use of manufacturers distributors and sales agents who are located throughout various sections of the country and who actively solicit the business of independent shoe retailers. Thus the selection of resources is no simple task for the small retailer. Beyond this point, if the retailer handles style footwear his problems are increased. He must align himself with resources which will be able to get new developments to him long before these styles have passed the peak of their popularity. In addition, his resources must be able to supply the highly-styled, really expensive shoes, in suitable reproductions, at prices which will enable him to satisfy his customers, effectively meet his competition, and operate profitably in so doing.

A successful buyer is an executive whose foremost responsibility is the acquisition of an expert knowledge of the merchandise with the purchase of which he is entrusted. In the case of the buyer of shoes



this would, of necessity, involve matters of material, workmanship, and manufacturing processes. Types of tannage, grades of leather, lasting, stitching, and other production operations, and general industry labor and overhead costs are a few of the ramifications of the buyer's necessary background requirements. (1)

Footwear styles, past, present, and anticipated, plus the materials and colors which are expected to be popular must all be integral parts of the buyer's knowledge within his field. As one expert in the field of retailing puts it, the buyer must be the fountainhead of knowledge regarding the merchandise, from the standpoint both of sound buying and of informing his salesforce concerning the qualities and relative advantages of the shoes he has bought so that these salespersons will do a better selling job for the store and a better serving job for the store's patrons. (2)

In addition to styles, materials, and manufacture, the buyer must be in constant touch with the market. For the independent retailer who is operating on a small scale, this cannot possibly mean attendance at all shoe shows, footwear style fairs, etc., but it certainly does mean that he should make use of whatever informational sources are available to him. His wholesalers, their salesmen, other retailers, trade papers and the like can provide a wealth of market information to an alert buyer.

The buyer must know which producers manufacture the various types, qualities and price lines of footwear. In the case of the smaller

- (1) Harold A. Baker, *Principles of Retail Merchandising* (McGraw-Hill, New York, 1939), p.41.
(2) *Ibid*, p.41.

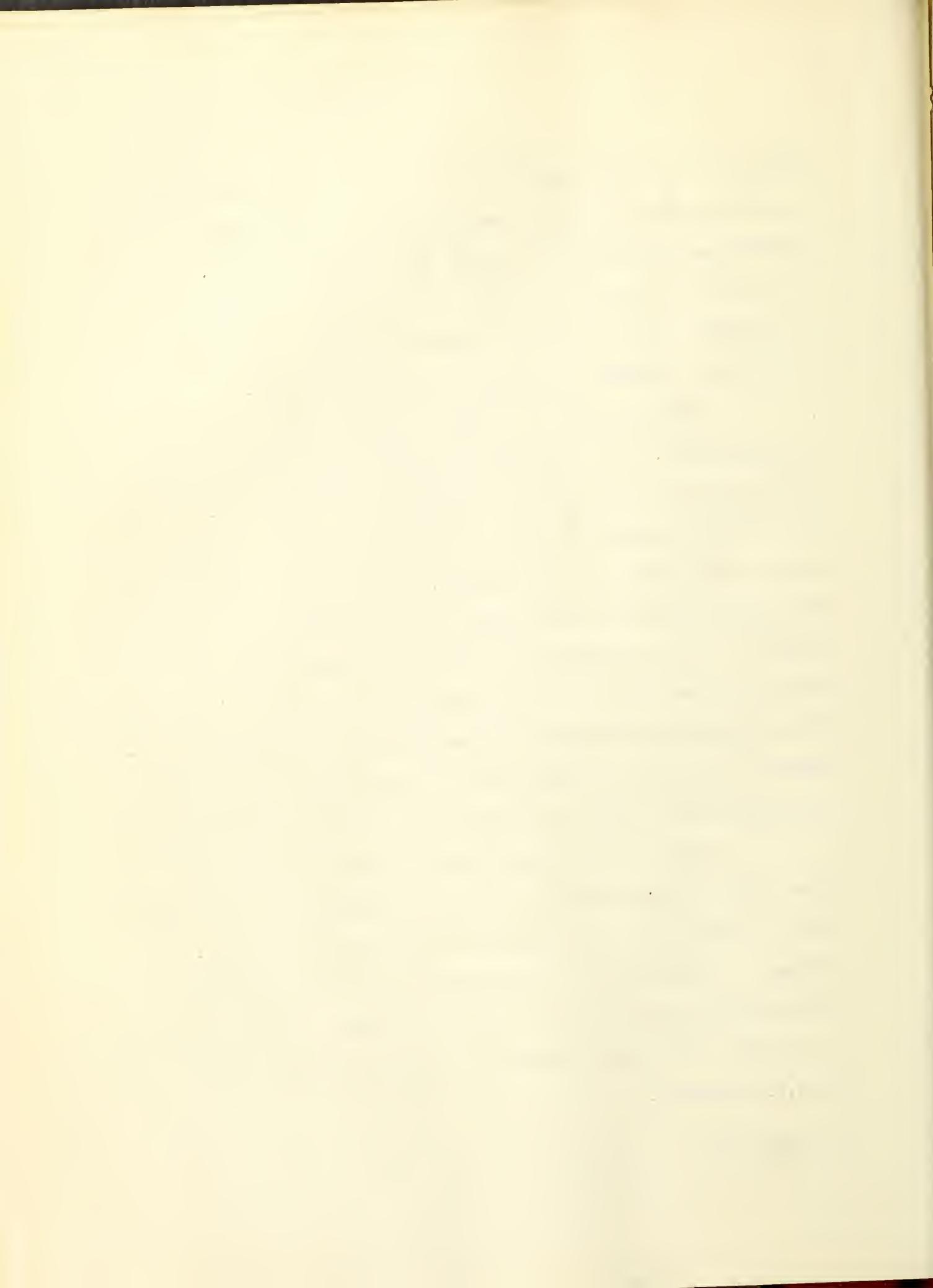


buyer, he must be well acquainted with the jobbers and distributors in his area, so that he can unhesitatingly go to the proper source for any specific style or price line of which he is currently in need. The sources of good promotional items are a most important consideration for the buyer, since for most shoe retailers, periodic promotions are as necessary as regular merchandise at competitive prices.

Trading ability is a necessary companion skill to the others enumerated above. In the shoe industry, perhaps moreso than in many other fields, the best bargainers usually get the best prices. Of course when nationally-advertised brands are considered, there is usually no price shading granted or even requested. In fact, even in the shoe industry much emphasis has been placed on trading techniques to improve quality at a price, rather than upon a price reduction which inevitably results in a corresponding drop in quality at some point in production. Most shoe retailers are aware of the ever-increasing insistence by consumers, of better quality merchandise for their dollar, and it is with this requirement foremost in mind that most shoes are currently bought.

In addition the Robinson-Patman Act which outlaws certain types of price discrimination in interstate commerce, does reduce somewhat the emphasis placed on this phase of the buying transaction. (1) Furthermore however, insofar as the operation of the average women's shoe retailer is concerned, his possible infringement of this law would be of comparatively minor importance to both his competition and to the U.S. Government.

(1) Ibid, p.42.



A general, retrospective survey of our discussion heretofore concerning the buyers qualification and responsibilities points to the omission of any reference to personal traits. Let it be noted here that the successful buyer must possess strong qualities of honesty, loyalty, perseverance, initiative and in addition he must be of pleasant disposition and personality. One final quality which is most important, is the ability to inspire the loyalty and confidence of all persons with whom he comes in contact.

After the merchandise and resources have been tentatively selected, the question of suitable terms arises. If the resource under consideration can offer desirable merchandise with approximate delivery dates, prices and terms are next in order of examination. For a small retailer, convenient terms are most important, since a great proportion of his capital is normally tied up in inventory. Such procedures as "season dating" are often of great help in paying bills. In the shoe industry there is found a modified form of "season dating". This means that there is a special set of terms which are used from time to time. For example, a manufacturer may take orders for shipment on April 1st, but he will reserve the right to ship any merchandise which he may complete before April 1st. However, the shoes shipped prior to April 1st will be billed as of April 1st, so that in reality, the terms of billing have been observed, despite the fact that possibly hundred of pairs have been shipped a week or two ahead of time.

The problem of deciding whether to pay cash or buy on open account is quite important to the small retailer. A very apt discussion of this question may be found in the following paragraph from a merchan-



dising pamphlet of the National Cash Register Company's Merchants Service Department.

If a business is pressed for working capital, it naturally looks to those who extend credit, even though a higher price is paid for the goods. This is an unfortunate situation, for it is usually wiser to do less business than to do a larger volume on credit terms. A profitable rule to follow is to buy for cash. The purchaser who can take cash discounts is the one to whom real bargains will be offered. There is no magnet which so strongly attracts the seller of goods as the magnet of cash. A retailer with a strong cash position and ample bank credit, other things being equal, can skim the cream from the seller's market. (1)

A further point of great importance which falls under the buyer's scope is the matter of shipping instructions. There has been a tremendous amount of waste by buyers of all types of merchandise in the laxity and looseness of shipping instructions given with their orders. Of late however, chain and department stores have taken remedial action toward the elimination of those instances wherein orders are placed with little or no consideration given to carrier, routing, connecting lines, etc. For smaller retailers, it is extremely advisable that they brush up on the comparative rates of various carriers for transporting merchandise to their stores from their respective market areas, distribution centers, and factory shipping points.

The increasingly great disparity between rail, express, and motor carrier rates has given many buyers sufficient cause to be much more explicit and specific in their shipping instructions. The tremendous growth of parcel post shipments is traceable, in many instances, to elimination of other means of transportation because of their excess-

(1) Buying to Sell Profitably; Pamphlet, Merchants Service Department (National Cash Register Company, Dayton Ohio, 1941), p.51.



sive rates.

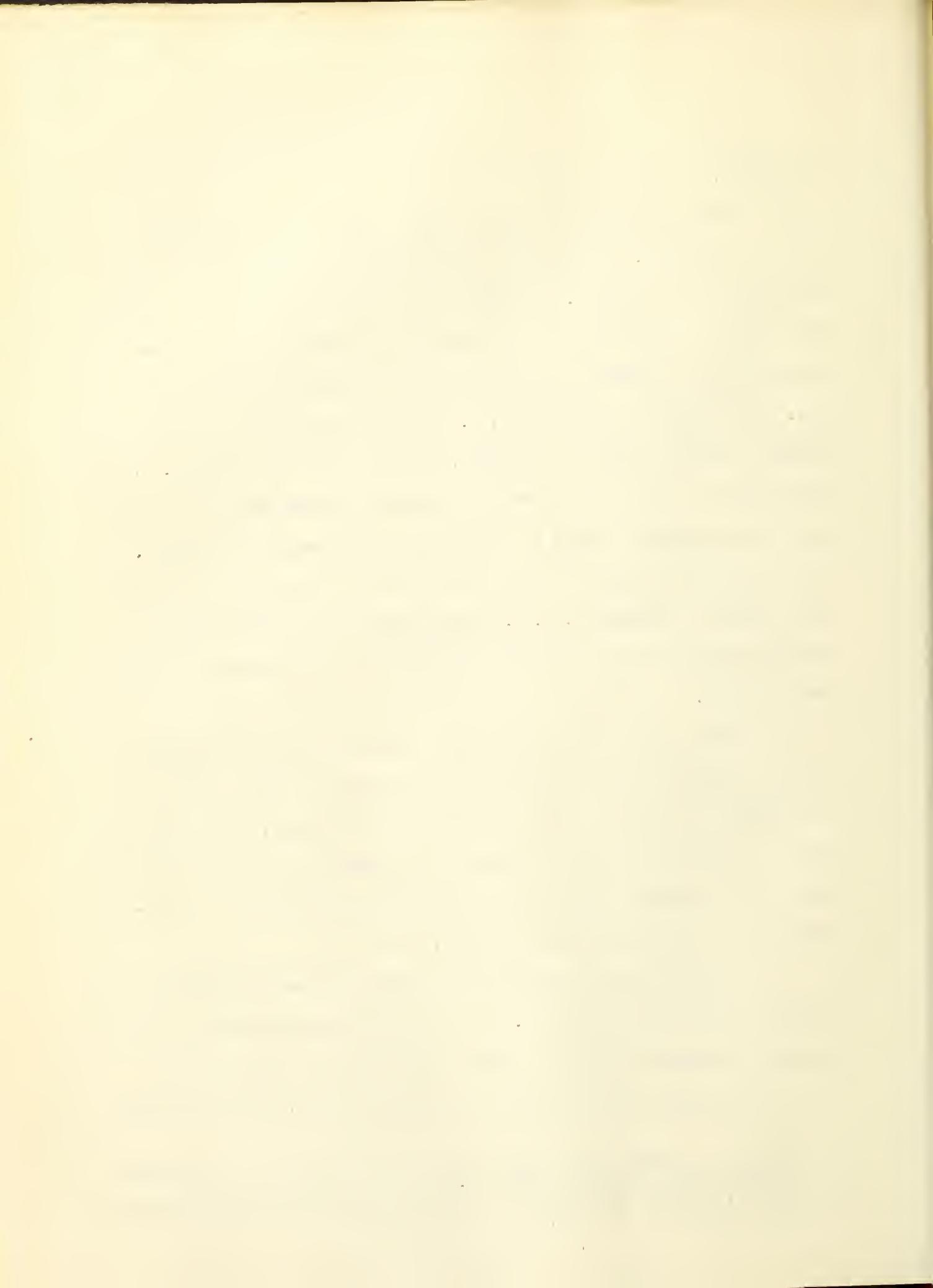
Any discussion of shipping costs brings to mind the matter of F. O. B. points. The customs of the industry are an important consideration in this regard. An independent shoe retailer who can eliminate any part of the costs of freight-in on merchandise from his operating setup, has taken a long step toward increasing his gross margin. When shoes are shipped F. O. B. factory, the retailer pays the freight from the factory to his store. On the other hand, if F. O. B. destination is a part of the terms, it means the vendor pays all freight costs, and the cost of goods to the retailer is decreased accordingly. It is important to state at this point, that the current practice in the shoe industry is usually F. O. B. factory, which is a strong factor in keeping purchases by most retailers confined to local shoe markets wherever possible.

The placing of an order is the normal result of the determination of customer wants, location of proper source of supply, inspection of merchandise offered for sale, and negotiation of terms. After the order is actually placed and the shoes are shipped, the fifth and final function in the buying operation has taken place, the title to the merchandise has passed from vendor to buyer. (1)

Much has been written about the "legal consummation of the purchase, the transfer of title". (2) For our purposes, there is an excellent paragraph in Brisco's text on retailing which gives a brief but valuable summary of this matter of passage of title. This paragraph

(1) Delbert J. Duncan and Charles F. Phillips, *Retailing Principles and Methods* (Irwin, Chicago, 1947), p.195.

(2) Paul D. Converse and Harvey W. Huey, *Elements of Marketing* (Prentice-Hall, New York, 1946), p.69.



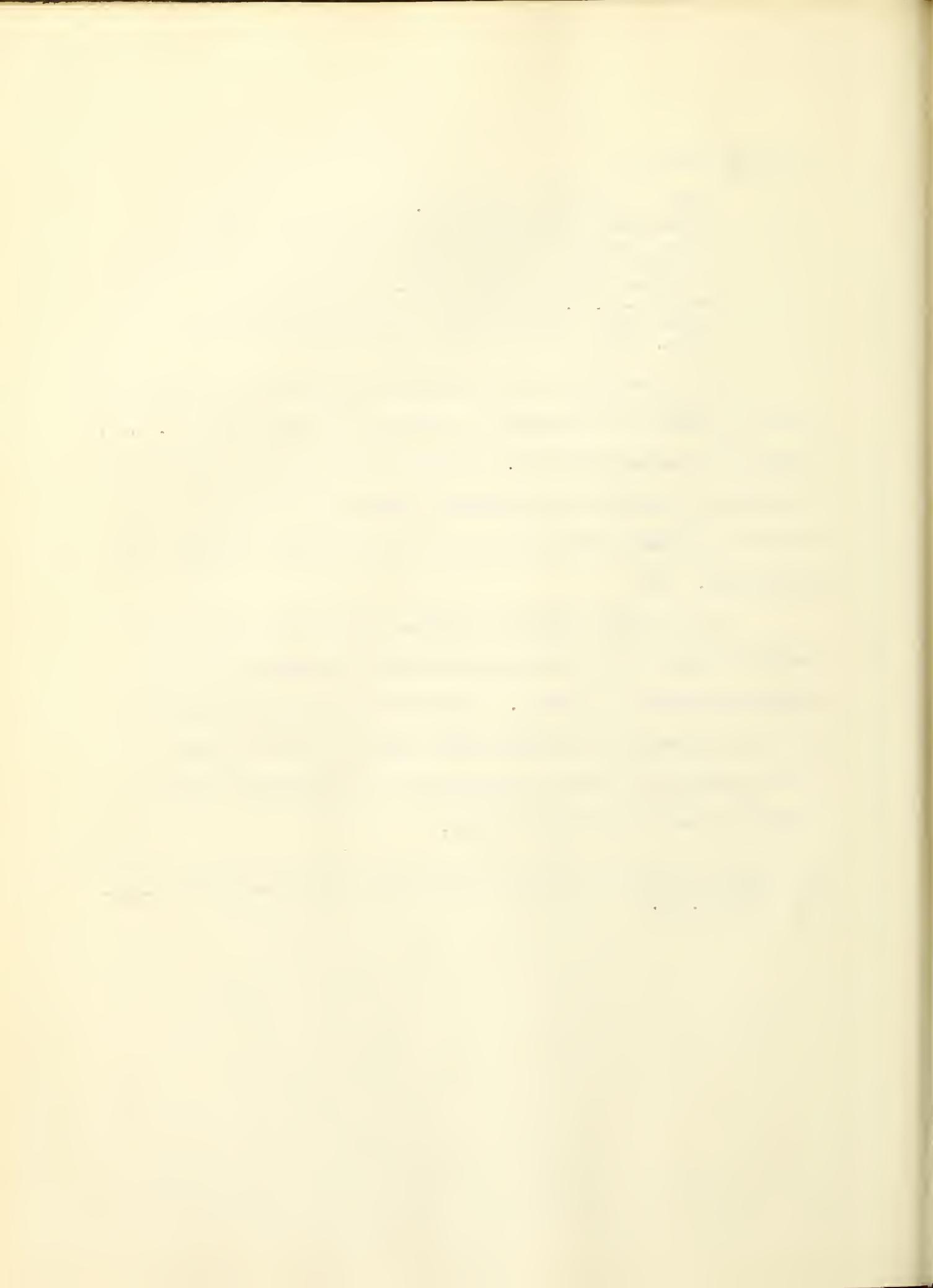
is quoted herewith:

Where merchandise is bought F. O. B. shipping point, title passes as soon as the carrier accepts the shipment. The carrier then becomes bailee of the goods for the store, and if there is any claim against the carrier it must be made by the store. If the goods are bought F. O. B. destination, the carrier represents the vendor rather than the buyer, and the former must file claim. (1)

It is possible in some instances to shift the risk for merchandise in transit to the vendor, by purchasing the merchandise "F. O. B. destination, charges reversed". Such terms would indicate that although the vendor is unwilling to pay freight charges, he is willing to accept the risk in transit, and to file claim in case of loss or damage to the merchandise. (2)

The foregoing general discussion of the more or less fundamental elements in the buying operation will be expanded in the two chapters immediately following. A comparatively detailed treatment of the various preparatory functions will attempt to give the reader a true picture of the extent and complexity of the extremely important problem of sound and effective buying.

(1) Norris A. Brisco, *Retailing* (Prentice-Hall, New York, 1947), p.134.
(2) Ibid, p.134.



Chapter III. Information Required for Sound Buying

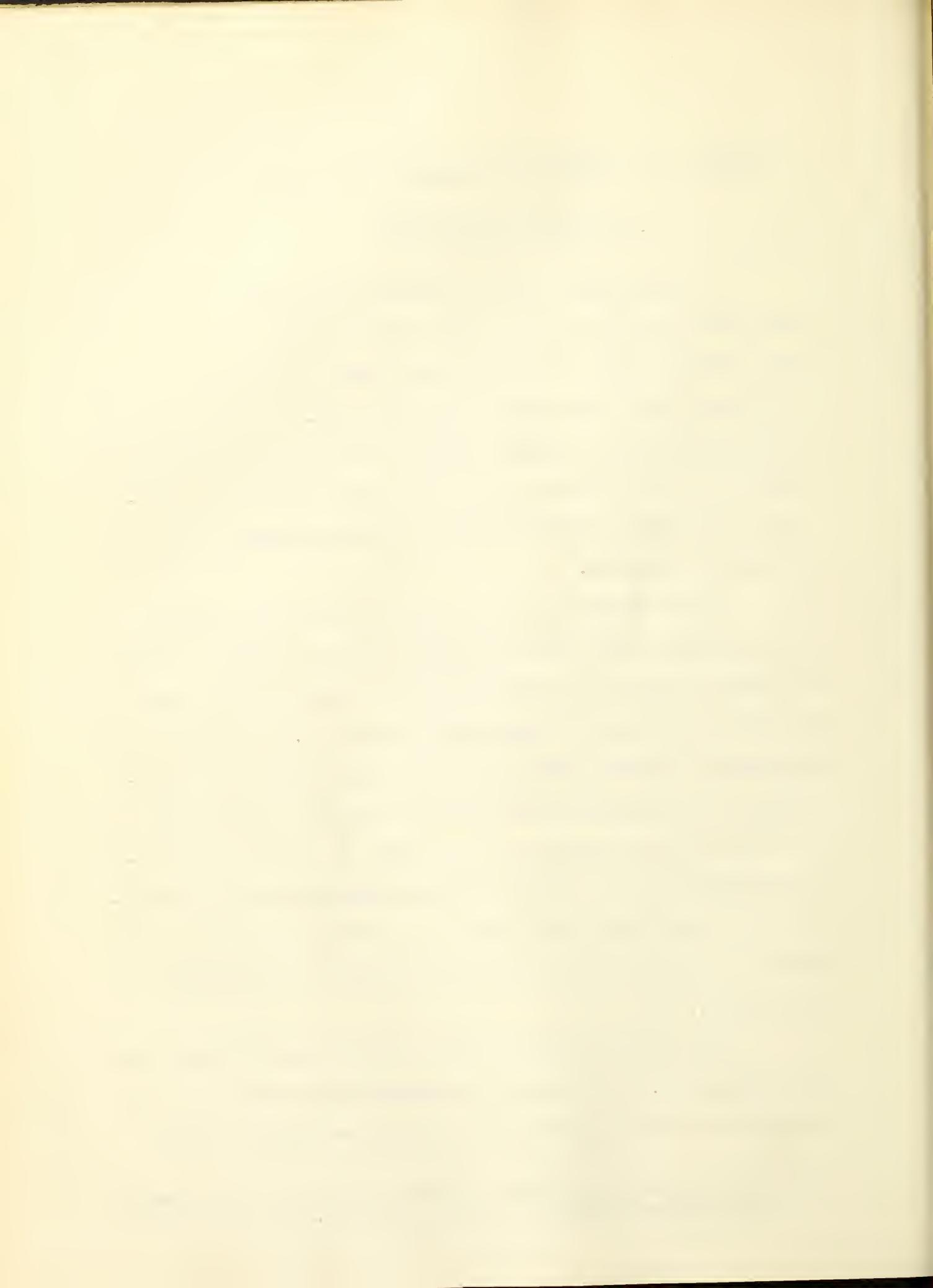
A. Knowledge of Local Needs

The independent retailer of women's shoes must acquire a comprehensive knowledge of his selling area, including present demand, potential demand, classes of goods desired, local income groups, their buying habits, and general population trends. It is most important for the retailer to analyze and evaluate all of these factors in relation to his own operation, for no store can be properly merchandised if its trading area potential and customer demand are not properly surveyed and considered.

The neighborhood in which a women's shoe store is located can provide much information to the alert retailer. The price scale of the shoes he offers must be harmonious with the general area in which his store is situated. A high-priced line such as I. Miller shoes could not possibly be retailed profitably in the poorer district of a neighborhood or in a low-priced shopping area. Similarly, a line of mass-produced, unbranded novelty shoes could hardly be successful in an exclusive shopping area. Of course there are exceptions to these generalities, but in most cases, the shoes to be merchandised must fit in with the type and price lines of goods that will appeal to the customers in that locality. (1)

The buyer must know the population of the city or town in which he is established. In the case of a specialized shoe operation he will certainly have to be acquainted with the approximate number of women,

(1) David B. Greenberg and Henry Schindall, A Small Store and Independence (Greenberg: Publisher, New York, 1945), p.23.

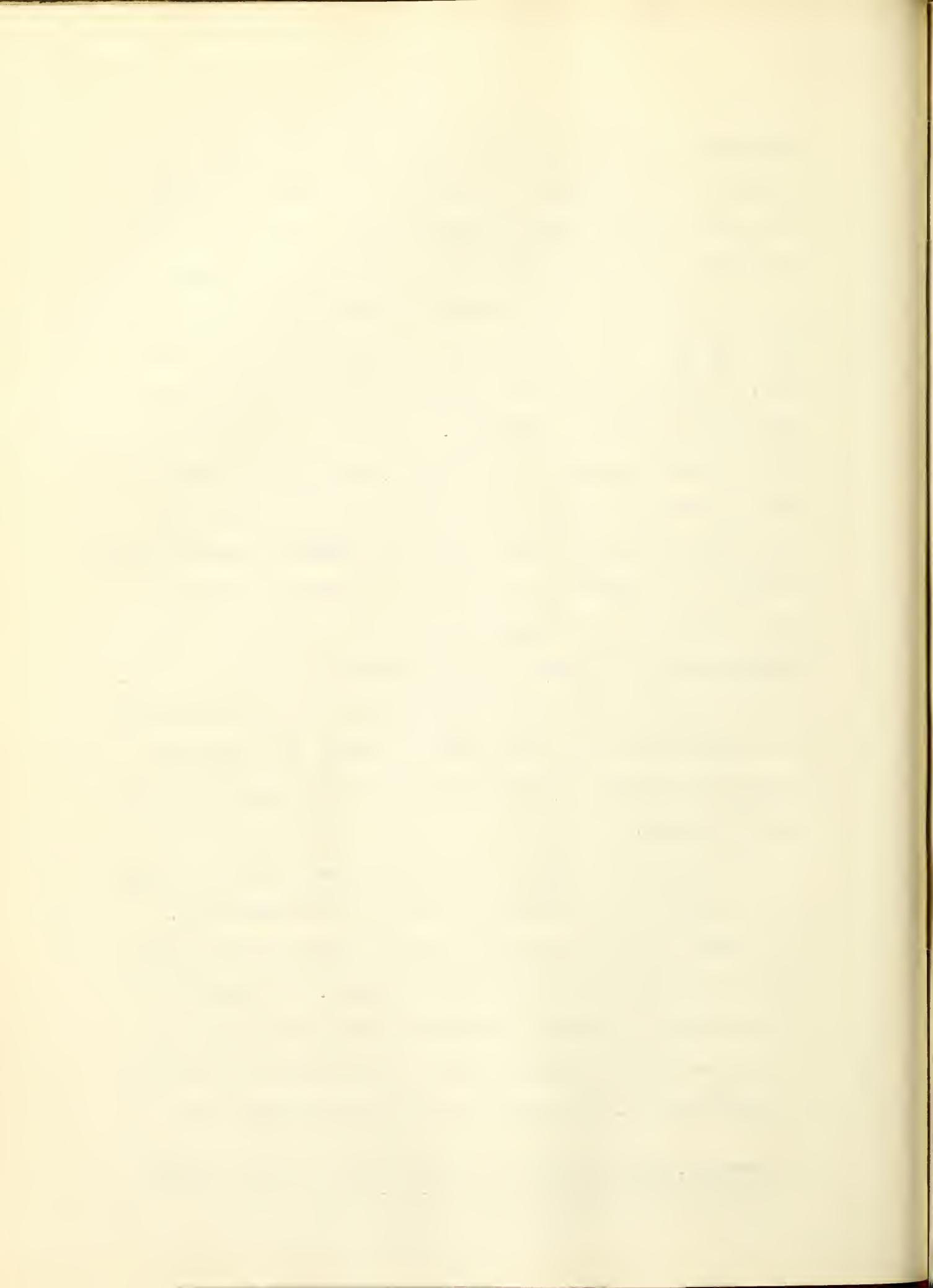


for example, who normally shop within his trading area. There are surveys prepared periodically by trade groups, chambers of commerce, and business research groups of various colleges, which offer a wealth of valuable statistical information to the discerning retailer.

The United States Department of Commerce and other governmental agencies can provide much sound information concerning local needs. Specifically we refer to studies on family income and purchasing power for specific communities. Such data on family budgets may be studied in relation to population. Estimates may be made of how much the community is likely to have available for clothing or home furnishings and specific items. From this information, conclusions may be reached as to whether or not the store in question is getting its share of the trade in the community. (1) For a small shoe retailer, extensive surveys are usually out of the question. But there is no reason why much free data which is available for the asking, cannot be put to constructive use by the retailer in helping him to determine and analyze his present and potential demand on both quantitative and qualitative bases.

The absolute necessity for keeping accurate business records, both on accounts and on merchandise, cannot be overly emphasized. Such records if properly maintained, can play a most important part in efficient and profitable merchandising operations. Last year's sales of brown and white spectators for example, are a vital consideration for the buyer before he places an order for merchandise of this type for current selling. This entire problem of record-keeping is an

(1) Norris A. Brisco and John W. Wingate, *Buying for Retail Stores* (Prentice-Hall, New York, 1937), p.116.



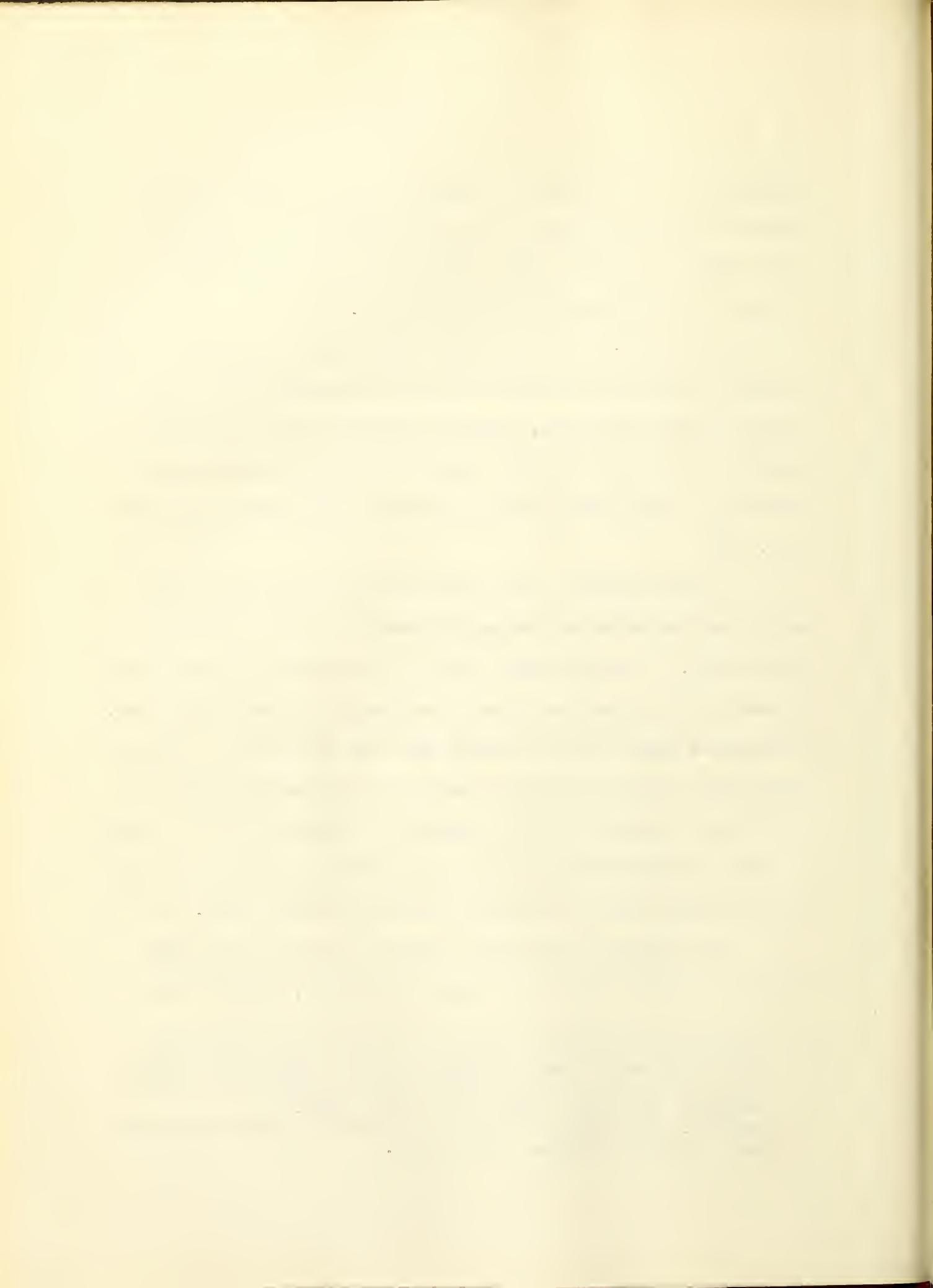
integral part of the function of inventory control, without which no business, regardless of size, can operate efficiently. In fact, all of the steps in inventory control should lead to more intelligent buying, just as good buying makes for ready sales. (1)

Sales and stock records are a vital source of information on trends in consumer preference and also on merchandise which seems to be moving with difficulty. Adequate information on prior periods operations will enable the buyer to make his purchases wisely; buying enough of the right brands, styles, materials, sizes, colors, and price lines. (2)

Another important consideration for the shoe buyer is the analysis and evaluation of the general trend for retail sales in the shoe industry. A buyer who pays little or no attention to buying trends can hardly have a proper assortment of merchandise at acceptable prices. In fact, good buyers will act quickly when a new trend develops, whereas the overcautious or unobservant buyer may be forced into conforming to the trend by repeated customer demands. Of course, by the time these latecomers have the wanted merchandise, the trend has long since passed its peak in most cases, leaving large stocks to be marked down. (3)

The forecasting of fashion trends is a most difficult and uncertain task with which a shoe buyer is confronted. The term shoe

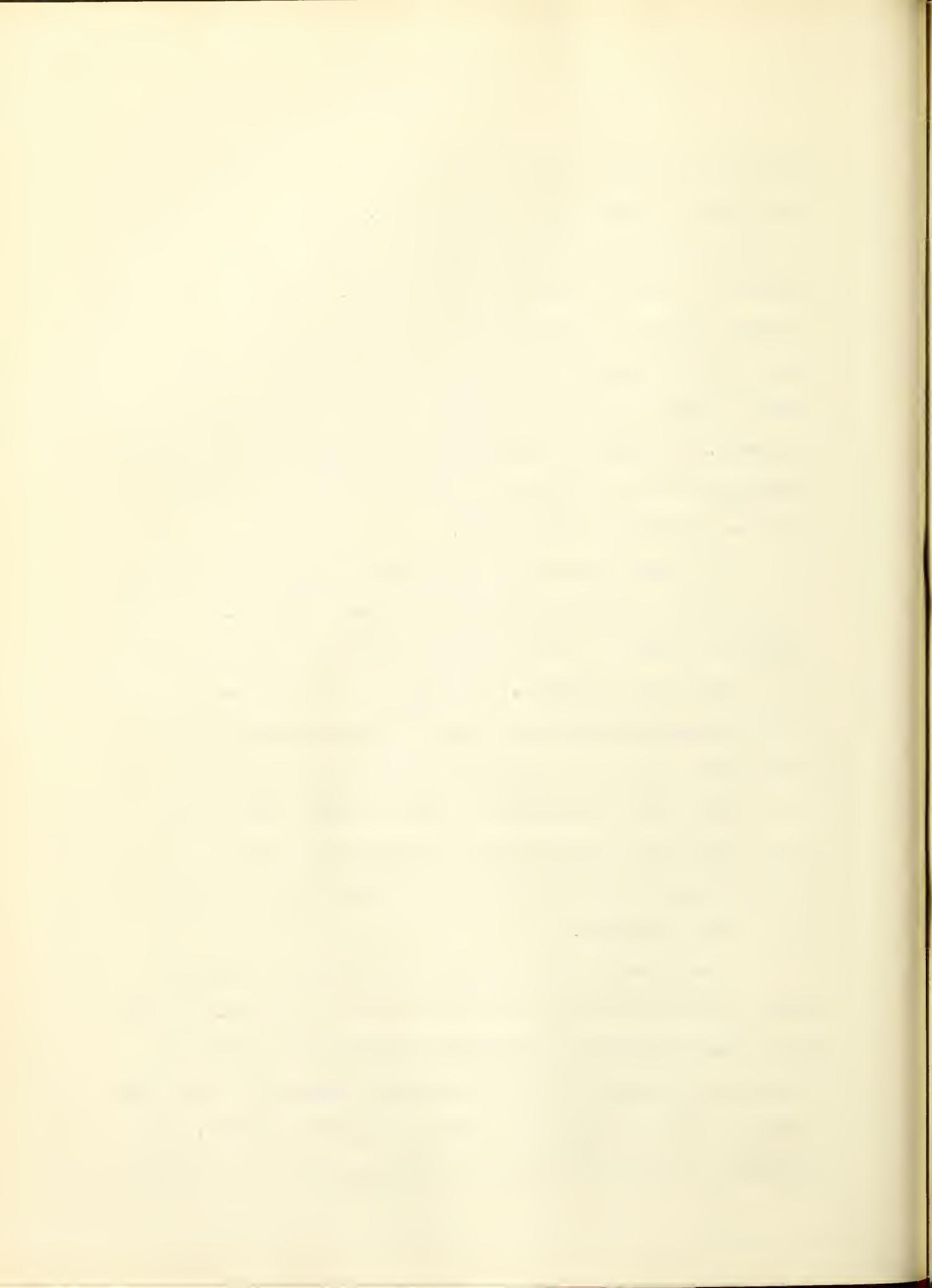
- (1) Purchasing and Inventory Control for a Small Business, (New York State Department of Commerce, Small Business Series, 1941), p.3.
- (2) Buying to Sell Profitably (Merchants Service Department, National Cash Register Company, Dayton Ohio, 1941), p.55.
- (3) Harold L. Post, Secrets of Success for the Medium Sized Store (Dry Goods Economist, New York, 1928), p.96.



buyer in this instance however, is meant to refer only to buyers of women's shoes for large retail organizations. It will not be argued that the fashion trends in men's shoes are nearly as ephemeral and intangible as women's footwear styles often are. Similarly, the buyer of women's shoes for the average-sized independent shoe store can usually depend upon his merchandise resources to keep him abreast of fashion trends in sufficient time to merchandise the new styles efficiently and profitably. The buyers for exclusive shoe departments and fast novelty chain organizations are the ones who really have the tussle with anticipated and forecasted fashion trends.

The women's shoe store must consider its buying function in the light of all the factors which have just been discussed. Such consideration is aimed at increasing the effectiveness and profitability of the entire buying procedure. But there is yet another source of helpful information which has not been discussed; this major source of buying information are the salespeople in the shoe store itself. Even if all other factors are analyzed, a buyer of women's shoes may find himself overstocked with undesirable merchandise, if he fails to consider or properly evaluate information on customer wants as transmitted by his selling personnel.

Many buyers use as an index of their own proper buying, the amount of employee purchases made from any stock in question. The logic here is that salespeople are frequently typical customers, and their reactions to new styles and footwear patterns usually help foretell the success of this merchandise when offered to the general public. Even when their personal likes or dislikes vary from those of the customers,



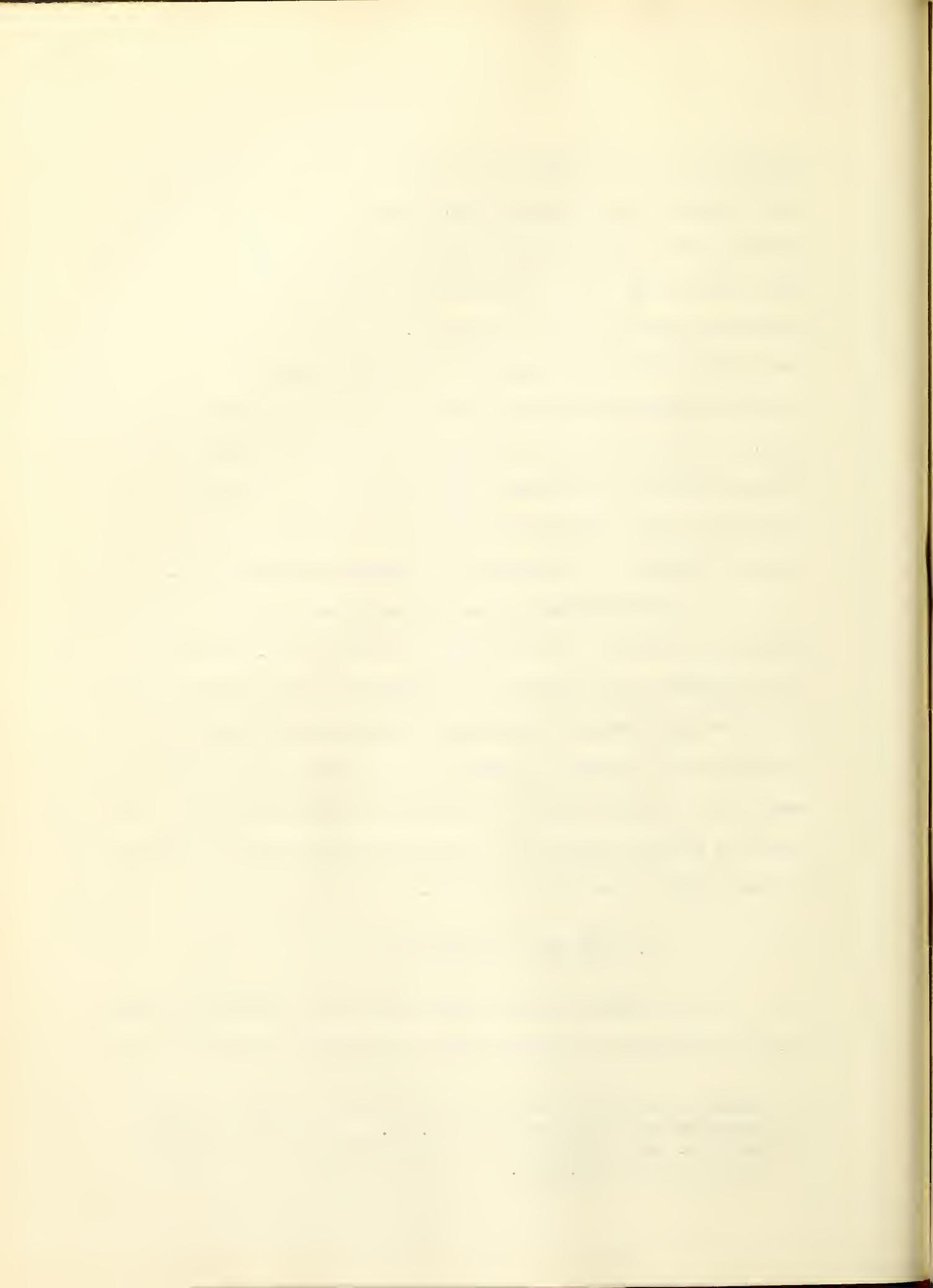
salespersons are nevertheless good judges of sales-possibilities because they know their customers well. However, the buyer must exercise discretion in differentiating between actual customer wants and the shadings of these wants perhaps unconsciously applied by salespersons in deference to their own likes or dislikes. (1) It is of interest to note, at this point, that some larger shoe stores require their buyers and assistants to spend some part of each day on the actual selling floor. The object of this is not just to secure the selling services of these executives, but rather to make certain that they embrace this opportunity to talk with customers and thus retain that sense of what customers want which is so essential to successful merchandising. (2)

The comprehensive picture of local demand sums up the requirements in that respect, of the retailer of women's shoes. Determining which shoes will best appeal to your customers is not an easy task, and it would seem to grow more difficult with the passage of time. Shifts in trading areas, changes in income and buying habits, and increasingly competitive conditions within the women's shoe field have not made the retailer's task any lighter, but effective and profitable merchandising of shoes offers no easy road to success.

B. Knowledge of Competition

It has been stated that competition is the life-blood of industry. This statement is certainly apropos of conditions in shoe retailing

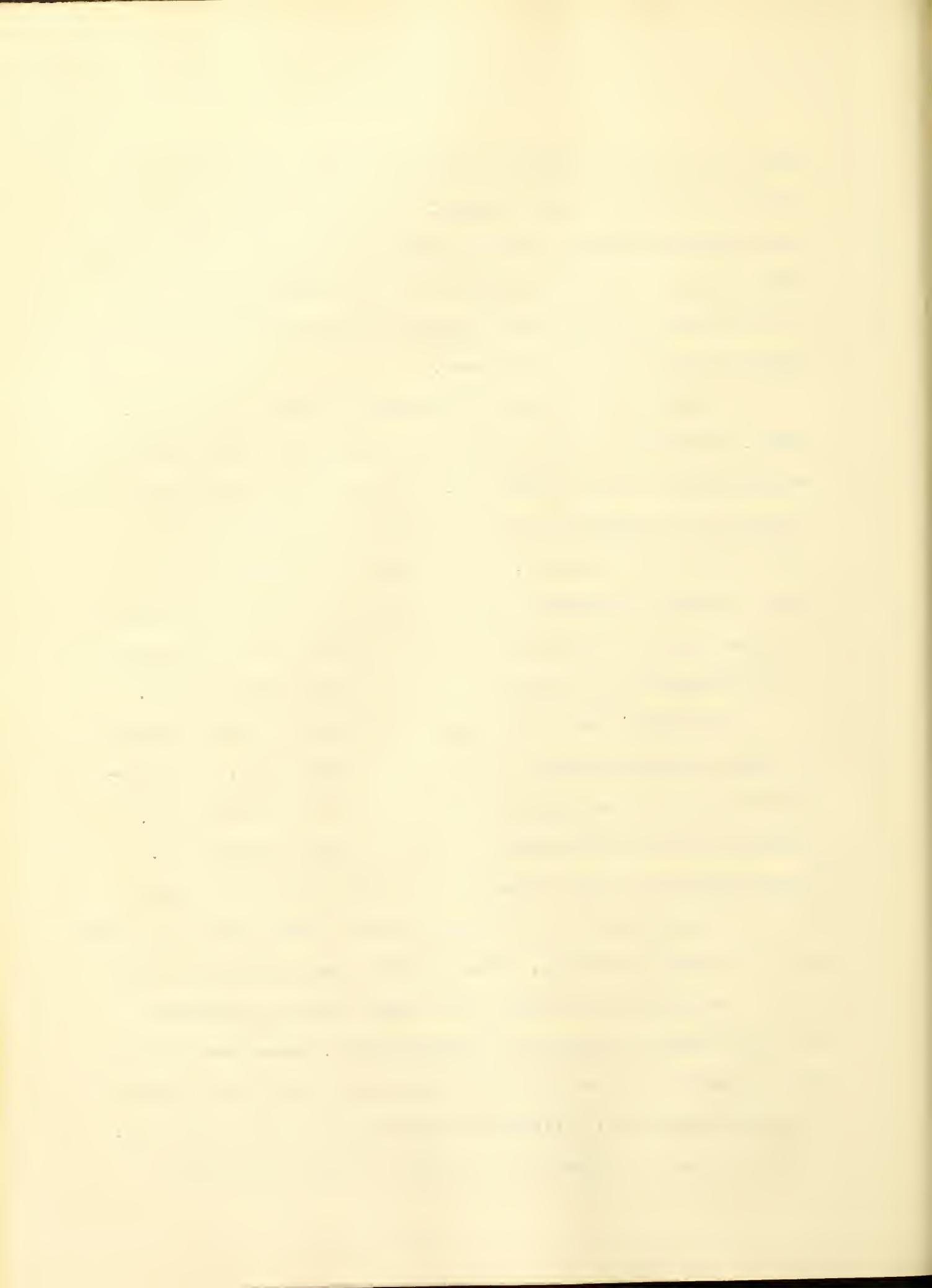
- (1) Norris A. Brisco and John W. Wingate, *Buying for Retail Stores* (Prentice-Hall, New York, 1937), p.102.
- (2) Harold A. Baker, *Principles of Retail Merchandising* (McGraw-Hill, New York, 1939), pp.61-62.



today, for it would be extremely difficult to find a more highly competitive field than the shoe industry. This dynamic competition is first manifested amongst the very manufacturers themselves, and is transmitted through distributive channels to its final abode, the shoe retailing field, with an extreme intensity of competition most apparent between retailers of women's footwear.

The women's shoe retailer has much to learn from his competition. What they can teach him may be of inestimable value to him in merchandising his store successfully. Too often, a small independent's reaction to his competition is a wail to the high heavens that he is being crushed out of business. In many cases, it is true, aggressive chains and alert independents have put small operators out of business, but there is still a definite spot in shoe retailing for the independent, his competition and detractors to the contrary notwithstanding.

The first move by the independent should be to orient himself, his store, and his operation, with that of his competitors. If the retailer is located in a suburban shopping area, he should make it his business to see just how competition-free his location actually is. Perhaps there are no other independents or chain stores in that area now, but chances are that if the shopping area is growing, his competition will not be long in arriving. In metropolitan areas, the women's shoe retailer can hardly be not aware of the chains and fast independent shoe stores which he may feel are surrounding him. Department stores with progressively merchandised shoe departments are not to be overlooked by the retailer in his attempts to learn more about his competition. This latter phase of competition has become, of late, increasingly



important, since shoe department operators have learned that the prestige of a department store name cannot compete with high quality footwear offered at reasonable prices.

There are probably many shoe retailers operating in this country today whose efficiency and profit potential have been tremendously enhanced by the very presence of competition. The successful merchant, to continue being a success, must know what his competitor is doing at all times. The idea behind this axiom is not to undersell the competitor, but to offer similar merchandise and better service at equal prices. (1)

The question arises as to just how one retailer keeps posted on what his competitor is doing. For the small shoe store there are several ways of finding out what the "other fellow" is doing. Newspaper advertisements afford a good picture of what the competitor is promoting. Window shopping of your competition is an old standby in the shoe industry especially, and of course, there is always the possibility of an actual friendly chat with the competitor. Chances are he will welcome the opportunity as much as you will. A final source of information is the purchase of footwear from your competitor for comparison with your own merchandise on basis of price, quality, style, wearability, etc.

It is up to the independent to analyze and evaluate his competition so as to make his own buying job more easily and effectively accomplished. It is reasonable to expect that all of his competition will not be alike. By that, we mean that one competitor, another inde-

(1) Clifton C. Field, *Retail Buying* (Harper and Bros. New York, 1917), p.97.



pendent possibly, may be dull and lethargic, whereas another retail store, possibly part of a chain organization, may provide aggressive and wide-awake competition. The shoe retailer must determine which operation is the one with which he must keep close contact. He can learn much from such alert competition whereas to watch the operation of the slow independent, may even dull the sharpness and clarity of his own merchandising functions.

It is not my intention to convey the impression that all chain shoe stores operate efficiently, and conversely, that all independent shoe retailers function inefficiently. To generalize that way is both unwise and incorrect. However, the average independent should welcome the competition of a chain store for several reasons. First of all, he can be quite certain that there is a strong and sound market for the type of shoes he carries, if a chain store sees fit to start operating in that locality with similar merchandise. Secondly, there is the probability that his own merchandising will improve with the presence of keen competition, and thirdly, the presence of a unit of a chain organization often heralds rapid growth and full development of a retail trading area. Such growth can hardly be a disadvantage to an alert independent who is accustomed to taking the lucky "breaks" when they come his way, and making such "breaks" when they don't appear.

It should be emphasized at this point that competition can be met on other than a price basis. In fact, for the independent shoe retailer, who can hardly hope to compete with the tremendous buying power of chains, such a policy may very often be disastrous. Less than 10 percent of our 1,500,000 retailers are so organized that they are able to undersell competition and earn a profit. But, unfortunately,



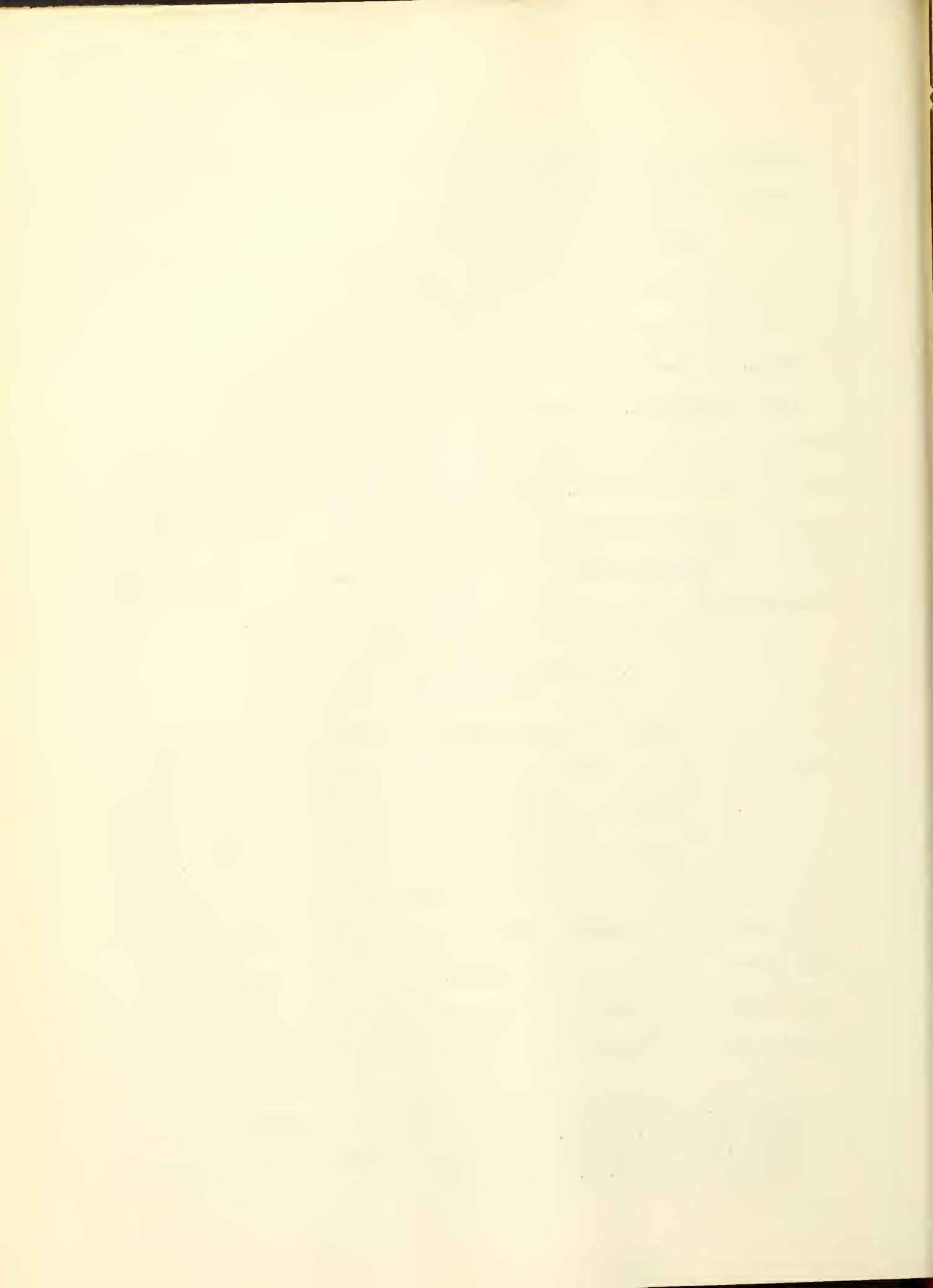
90 percent either believe that price is their only salvation or blindly follow the lead of the 10 percent. (1)

The success of any retailer in holding a permanent clientele, the building of which should be his primary aim, depends upon how well he meets his competitors with comparative offerings both as to price and service. He cannot afford to be out of staple merchandise which his competition carries. In addition, the retailer should not operate so that his competitor is always first with new ideas of service, selling, and customer solicitation. Finally, the independent retailer must follow all progressive steps of his competitors where possible, not only for his own immediate profit, but also in the interests of his own regular customers, who form the very backbone of his business. (2)

C. Knowledge of Prices

The independent shoe retailer must be completely cognizant of the price lines of both his competition and also of non-competing retailers. The matter of keeping posted on prices is, to a great extent an adjunct of the necessity for complete knowledge of local needs. The general trading area in which the shoe store is situated has a more or less uniform price structure, above or below which retailers advisedly are reluctant to mark their merchandise. For example, a women's shoe store situated in an exclusive suburban shopping area with fashionable dress and specialty shops in the vicinity, would hardly be

- (1) Nathan M. Ohrbach, Getting Ahead in Retailing (McGraw-Hill, New York, 1935), pp.253-254.
- (2) John A. Murphy and John Block, Buying (Alexander Hamilton Institute, New York, 1927), p.39.



expected to be successful if the bulk of their merchandise consisted of unbranded, flashy, and low-priced novelty shoes. Such a store would do much better with a line of Selby shoes, British Walkers, or even I. Miller and Delman shoes.

In addition to having a comprehensive knowledge of retail prices and their trends, the shoe retailer must know at what price his competition is selling a specific shoe or line of shoes. Also he must know how this competition breaks itself up on the price; that is, how much the chains are asking, as against department stores and other independents. He must have this information so that he will know exactly how competitive he actually is, in the light of the additional service and personalized attention he can give his customers which his competition cannot, for the most part, even attempt to equal.

In order for a shoe retailer to be truly aware of the costs of his merchandise, he should have some knowledge of the price structure running through the channels of shoe distribution, starting with the manufacturer, and then proceeding to wholesaler with the final stage at the retailing level. General price conditions existing in the market for women's shoes of the quality handled by the retailer, should be carefully examined before any purchases are made. Falling price trends should tell the buyer to exercise extreme discretion in the timing of his purchasing. Conversely, a rising trend of prices may often indicate the necessity for speed in getting shoes placed and confirmed before any additional price increases.

Many shoe buyers are continually checking the prices of materials used in the manufacturing of the types of footwear which they



handle. The greatest attention in this regard, is naturally paid to the current market quotations on hides and leather. Since leather is usually the greatest material cost in any shoe, such information could often give considerable indication of future changes in footwear prices. Similarly, the current labor cost per pair of shoes is often a topic of conversation among larger buyers. However, for the average women's shoe retailer such information may conceivably be confusing rather than enlightening. A small retailer should know a bit about leather costs, primary and wholesale market prices, and a great deal about retail prices. This compact formula would seem to cover the price topic satisfactorily for our purposes.

There are many sources of price information available to the retailer. In fact, there actually are many more sources and much information available far beyond his needs. However, it is perhaps advisable to briefly review the most important of these sources which a retailer would be most apt to use.

For information on competitors' and other retailers' prices, the window shopping technique comes very well recommended. In addition, newspaper and other advertising often will provide a ready source of price data. Circulars and catalogues are likewise an open-book to prices, and for the most part such publications are readily available to all concerned.

Wholesale and market price data may be found in government publications such as the Survey of Current Business, Federal Reserve Bulletins and some papers such as New England Bulletin of Leather and Shoe News, Footwear News, and Women's Wear Daily (Friday Shoe Supplement)



are of great help to those seeking price information.

A final but most important and comprehensive source of price data for a shoe retailer is the salesman that calls upon him, representing a wholesaler or manufacturer. These salesmen often are used by retailers as the only authentic and immediate information source with which they need concern themselves. Of late, salesmen have become much more than mere order-takers, many have earned the respect and friendship of their customers by their sincere and whole-hearted efforts in helping the retailer merchandise his store more effectively. In line, with this new phase of a salesman's work, the practice of supplying price information to the retailer has grown tremendously to the very important position it now holds as possibly the best and most reliable source the retailer has for data on prices in his field.

D. Knowledge of Shoes

"A buyer must know his merchandise", is a truism which few will contest. The operator of a woman's shoe store must have more than a smattering of background information concerning the actual construction and manufacture of the merchandise which he hopes to sell. A technical knowledge of the raw materials which are used in the making of his commodities and familiarity with the process of manufacture give the buyer a basis by which he may judge the finished product. (1)

The women's shoe retailer is today confronted with a host of new materials, processes, and styles used in shoe manufacture, the likes of which were hardly dreamed of by the retailers' predecessor of a

(1) Clifton C. Field, *Retail Buying* (Harper and Bros. New York, 1917), p.7.



decade ago. For example, today, women's playshoes are made of kid suede, split suede, calf suede, norzon, suedine, etc. These materials are both genuine and imitation leather of the suede type and it is very often difficult for even an experienced shoe buyer to distinguish between the best kid suede and its norzon imitation. Of course, similar ranges of quality and price differential may be found in all types of leather for feminine footwear. The retailer must know what he is selling, but even before that point, he must know what his customers want. Imitation or genuine, both have advantages and disadvantages which the retailer must evaluate in his attempts to supply his customers, meet his competition and through all, operate profitably.

Types of shoe construction and manufacturing processes have likewise ramified themselves considerably of recent years. Today a retailer should know the difference between California construction and compo process playshoes. Similarly, Littleway, McKay, and Goodyear machinery processes are indices of the type of manufacturing procedure followed in the production of most feminine footwear and the women's shoe retailer should be aware of the relative qualities consistant with each type.

Knowledge of the use of imitation heel covers on otherwise all leather shoes should be a part of the retailers background information. Likewise, the desirability of french cording and binding processes upon various types of shoes should be automatic with the women's shoe retailer. The durability and heaviness of the backing material, and the growing demand for removable anklet strap types are just two more of the many new factors with which the retailer must familiarize himself.

The question of new styles in footwear is of course, of



greater importance for a women's shoe retailer than it is in a men's store. New trends in footwear such as the narrow toe effect, lower, heel dress types, crepe-soled casuals, and classic type pumps should be of great interest to the retailer. Such trends now may very conceivably compose a considerable segment of his volume before very long, and it behooves him to get acquainted with these new styles, patterns, and fashion treatments as they become available to him.

One may ask where the retailer can learn about all these new developments in the merchandise he must handle. The answer is a simple one. The same sources, for the most part, with the exception of government publications, which the retailer should use in seeking data on prices, competition and customer wants, should likewise provide him with considerable information on styles, manufacture, and construction of shoes. Specifically we refer to salesmen, trade papers, trade organizations, and even competition as excellent sources of such information.

Sound and effective buying can be accomplished only by judicious evaluation and use of the retailers' knowledge of local needs, of competition, of prices, and of the merchandise involved. This knowledge is available to most retailers and can be a most valuable aid to their operations, but unfortunately, many shoe stores are run on a basis which reflects little or no endeavor to acquire such information.



Chapter IV. What, Where, and When to Buy

A. Merchandise Purchases

A shoe store or any other retail establishment might be operated with the greatest internal and administrative efficiency, but if the store does not have the right merchandise at competitive prices when the customers want such merchandise, the store cannot be a success. A women's shoe store must offer its customers footwear which is fashionable, comfortable, and reasonable in price, and an independent shoe store especially must offer personalized service and solicitous attention above and beyond this desirable merchandise.

Perhaps the greatest source of difficulty in women's shoe store operation, is the attempt to merchandise such stores on too wide a basis. Many proprietors are too easily influenced by somewhat overzealous salesmen who maintain that the store will really be "missing the boat" if they neglect to make that specific style (offered by the salesman) available to their customers. Such high pressure treatment if succumbed to, often can lead to an overloaded inventory of odds and ends with little or no staple and desirable goods in stock. Very few large stores and no small ones can expect to be successful if they attempt to cater to all types of customers whose wants and tastes may be as varied as their types.

The retailer of women's shoes must know his customers' ability to pay and their tastes in footwear. Without this knowledge he may very conceivably put himself out of business. He must merchandise his store for that group of customers which he has determined will bring him the



greatest amount of profitable volume. By so doing he naturally will not be able to cater to all who might possibly have traded with him, but it is of the utmost importance that the retailer understand that any attempts to serve all types of customers are usually disastrous. This precept cannot be stressed too strongly. The shoe retailer must merchandise his store to meet the demands of his chosen level of customer clientele.

If the shoe store is located in a fashionable shopping district with a great majority of upper income families normally trading in that area, the retailer must present a line of higher priced, quality shoes with enough styling to be attractive to the female shoppers in the vicinity. Conversely, if the women's shoe store is located in a more moderate level shopping area, the shoes must be priced lower accordingly. However despite the fact that a lower income group is being catered to, the necessity for determining the style tastes of the group must not be overlooked. It cannot be said that low-income groups favor footwear which is not highly styled, in fact in most instances, low-priced shoes sell freely when very highly styled.

The problem of selection of merchandise to meet customer demand is similar to the problem of selection of suitable price lines. In fact both of these merchandising considerations cannot be treated separately to any great extent, since desirable merchandise to appeal to customers, must be desirable in both price and appearance. Accordingly the shoe retailer must decide upon the suitable price lines for his merchandise in conjunction with style, material, and type of footwear wanted by his customers.

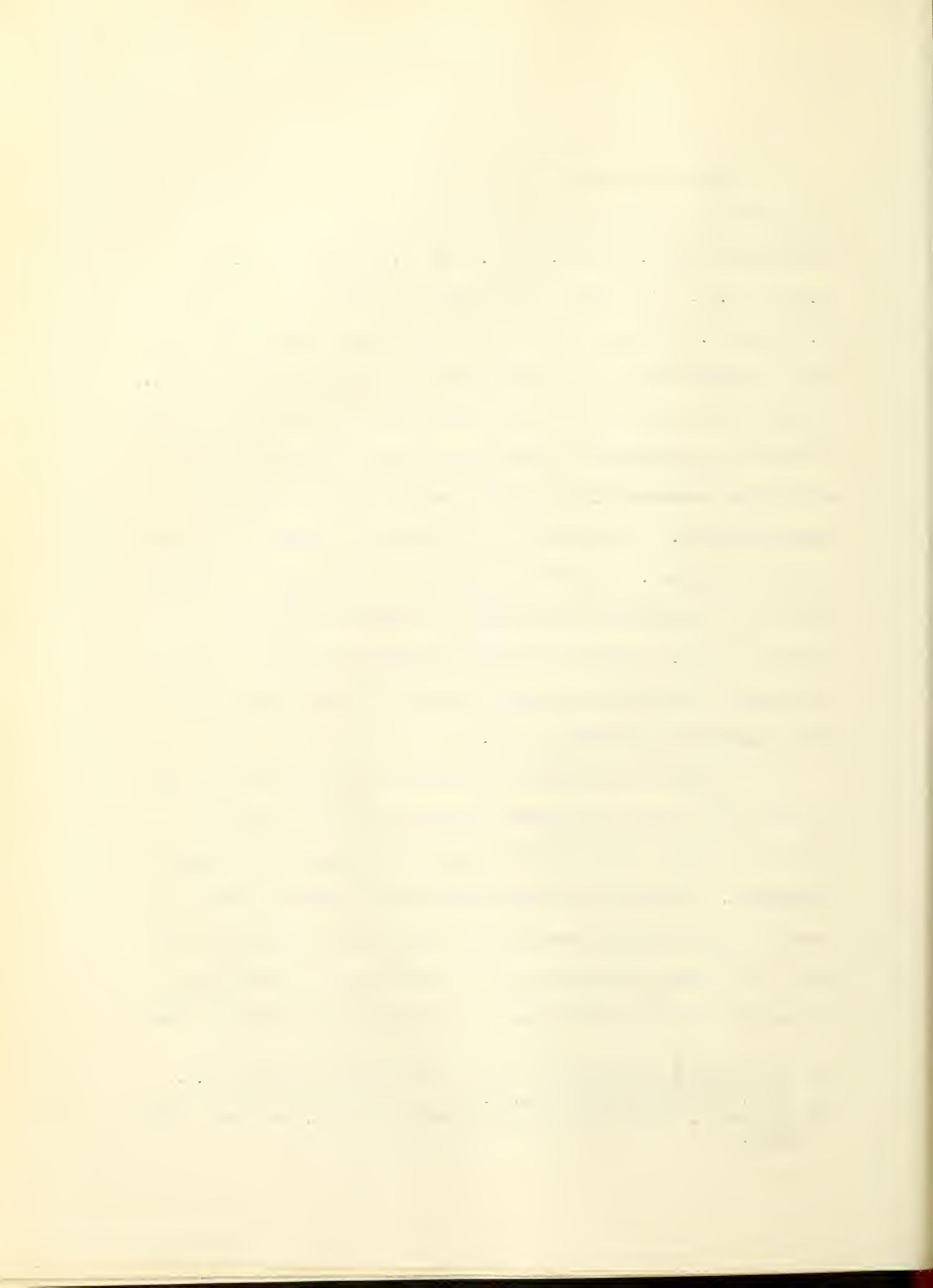


Most customers have formed the habit of buying their merchandise at certain prices, of which the most commonly accepted in shoe retailing are from \$8.50 to \$8.95, \$6.50 to \$6.95, \$4.95 or \$5.00 and \$3.95 or \$4.00. The adoption of intermediate prices such as \$4.45, \$6.15, and \$7.95 ordinarily will not increase sales volume materially.

(1) The retailer must keep this in mind when marking his merchandise. Of course these prices are in the low and medium-low bracket, but even in the high and medium-high priced groups there are generally acceptable pricing policies which most shoe retailers follow advisedly, in those categories. At this point, the importance of keeping sales records is again emphasized. If such records have not been kept, the retailer has no way of determining what price lines have provided the bulk of his sales volume. Without such detailed information the shoe retailer must depend upon memory and usually incomplete invoice files for this highly important merchandising data.

It would be advisable for the women's shoe retailer to bear in mind at all times, the generally accepted statement that price is the biggest factor, and is twice as important as quality in inexpensive merchandise. In medium priced merchandise the condition is practically reversed, while in the highest grades style becomes predominant over both. (2) Proper consideration of his own operation, trading area, and customer clientele will reveal to the retailer just where he stands

- (1) Establishing and Operating a Retail Shoe Store, Pamphlet, (U.S. Dept. of Commerce, 1946), p.83.
- (2) Clifton C. Field, Retail Buying (Harper and Bros. New York, 1919), p.55.



with regard to the necessity for providing style, quality, and price attractions to his customers.

The shoe store operator must determine what his regular merchandise requirements are, and he should buy accordingly. If he has determined that his normal initial order on a new style should consist of 72 pairs of shoes divided between medium width size runs of 4 to 8 and 5 to 9, with 18 pairs of 6 to 9 narrow widths included, then that is the order he should place despite any admonitions by the salesman that the initial order should be much more "for such a hot number". In other words the retailer must find his own inventory level on each of the types of shoes he carries in stock.

Many successful shoe retailers are generally in agreement that in normal operation the average women's shoe store's merchandise inventory should consist of approximately 75% of basic types and 25% of new styles, patterns, materials, etc. In this regard, the buyer for one of the foremost independent shoe stores in Boston is of the opinion that too many shoe retailers carry stocks which consist of 75% "frosting" and 25% "bread and butter". For this reason they can hardly expect to serve satisfactorily the bulk of their customers, and eventually their business suffers accordingly. It is most important that the women's shoe retailer bear this in mind; for he, much moreso than a men's shoe retailer, is susceptible to overstocking of flashy styles and novelty fads, at the expense of basic pumps and conservative staple styles which normally would provide the greatest volume and margin of profit for the store.

Small shoe retailers should take steps to determine what the



normal size of their stocks should be, and every effort must be made to avoid exceeding these norms to any considerable extent. Even though a discount on a large purchase appears very attractive, the cost of carrying a heavy stock frequently amounts to more than the discount. The quantities that can be turned most profitably should determine the size of the retailer's order and the size of his merchandise stocks. (1) Of course when a large promotion is being planned on a specific style or line of shoes, the retailer's quantity limit for that shoe must be raised accordingly. Too often retailers will promote a number with not nearly enough stock to back up the promotion. The results of such poor planning usually are dissatisfied customers who may be permanently lost to the retailer.

In addition to maintaining a certain stock level, the women's shoe retailer must determine and maintain a logical balance between basic shoes and style merchandise. As was stated previously many retailers are stocking a distortedly high proportion of style footwear at the expense of conservative staple numbers which are the normal "bread and butter" of their business. In most cases the repeat customers are those who return because the quality, comfort, and price of the shoes they bought are in a satisfactory relationship. The customer who is attracted by a flashy novelty style is apt to make a purchase in that specific store just once, as the fancy for the shoe strikes her. Therefore it is purely a matter of common sense for the retailer to emphasize his merchandising activities in the repeat customer's behalf.

(1) Pamphlet, Buying to Sell Profitably (National Cash Register Co, Dayton, Ohio, 1941), p.51.



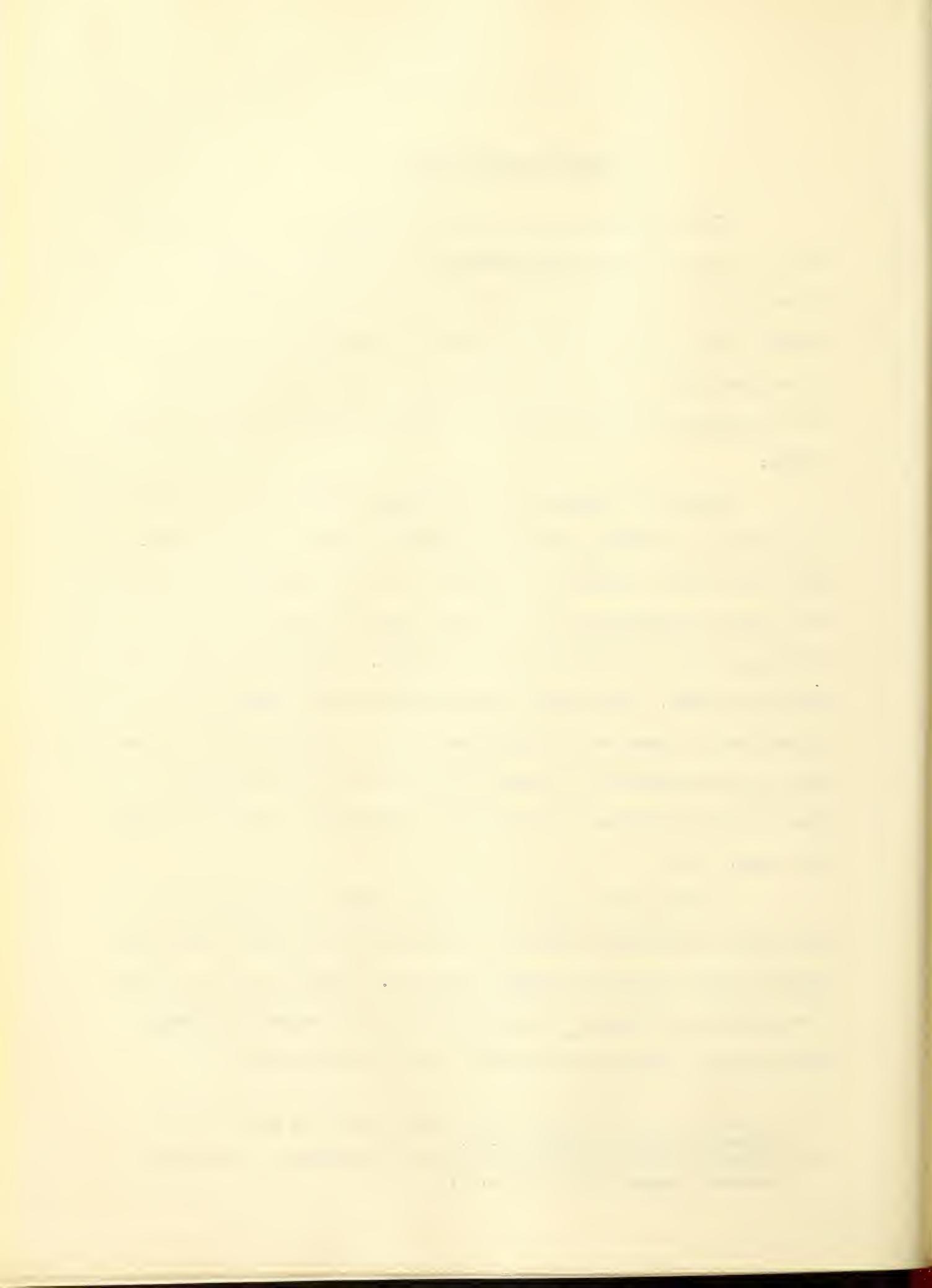
B. Merchandise Resources

The small shoe retailer must learn that it is to his advantage to confine his merchandise resources to a few good companies. Concentration of purchases will usually result in large discounts and cleaner stocks, which are the very basis of profitable operation. (1) Those lines which are of little importance and which supply only the odds and ends and the "frosting" of a retailers' stocks should be eliminated.

There is no simple, quick-as-a-wink formula which all retailers can use in selecting the best resources for their own operations. Each retailer must analyze his customers' needs and buying habits, and with proper consideration for the type of store he runs, the suitable resources for his merchandise can be selected. One generalization however may be made. Intelligent merchandising for most independent retailers means concentration on and promotion of branded lines of footwear. Such merchandise will make the retailers' job much easier if they will take advantage of the terrific advertising job these resources are doing. (2)

No matter what type of operation a women's shoe retailer may have, there are several branded, nationally-advertised lines which might possibly become important resources with him. Beginning with I. Miller, Newton Elkin, and Seymour Troy at one extreme and proceeding through medium-priced lines such as Red Cross and Life Guard shoes, the

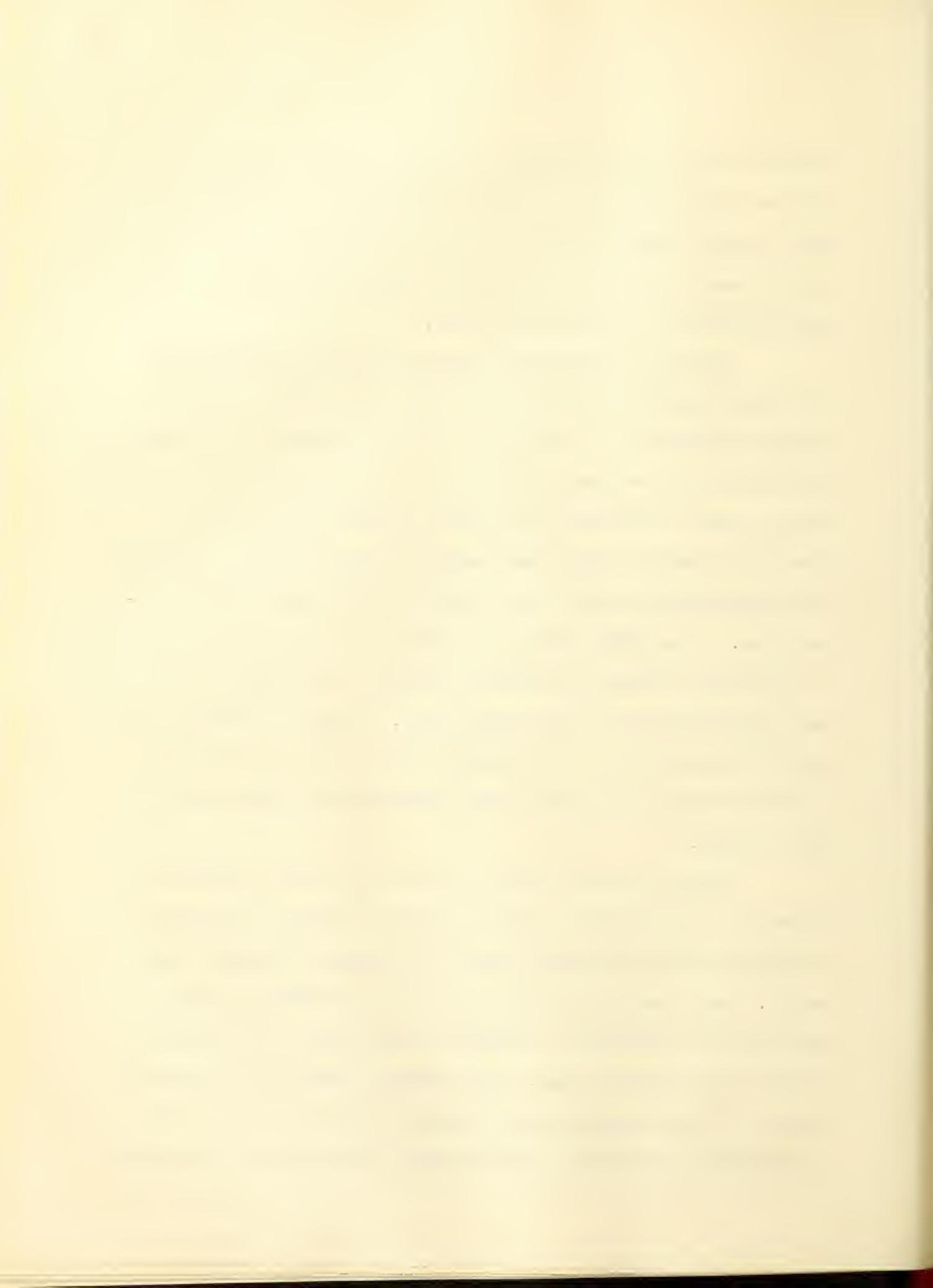
- (1) Concentrate Your Purchases, Edward Rose (Article, Boot and Shoe Recorder, August 1, 1948), p.60.
- (2) Suburban Stores Offer Big Potential--If", (Article, Boot and Shoe Recorder, August 15, 1948), p.74.



retailer can go all the way down to the lowest price brackets to find the line best suited to his operation. There are many retailers however, who feel that the variety of lines offered by the large, integrated companies such as International, Brown, and General, provide the best merchandise for their stores' needs.

There is a considerable consensus among shoe retailers that these large suppliers afford the best chance for a small operation to improve and expand. It is true that these large companies can operate more efficiently than many other producers in the industry, and by their so doing, the retailer will stand to benefit. The scientific approach to retailing which these companies offer, provides a comprehensive merchandising plan for stores participating in their franchise arrangement. On the other hand some retailers feel that by subscribing to these plans they must of necessity sacrifice a good share of their own individuality as shoe store proprietors. Despite the possible benefits which may accrue to participants, there is still a definite reluctance by many to tie up with these tremendous shoe distributors and manufacturers.

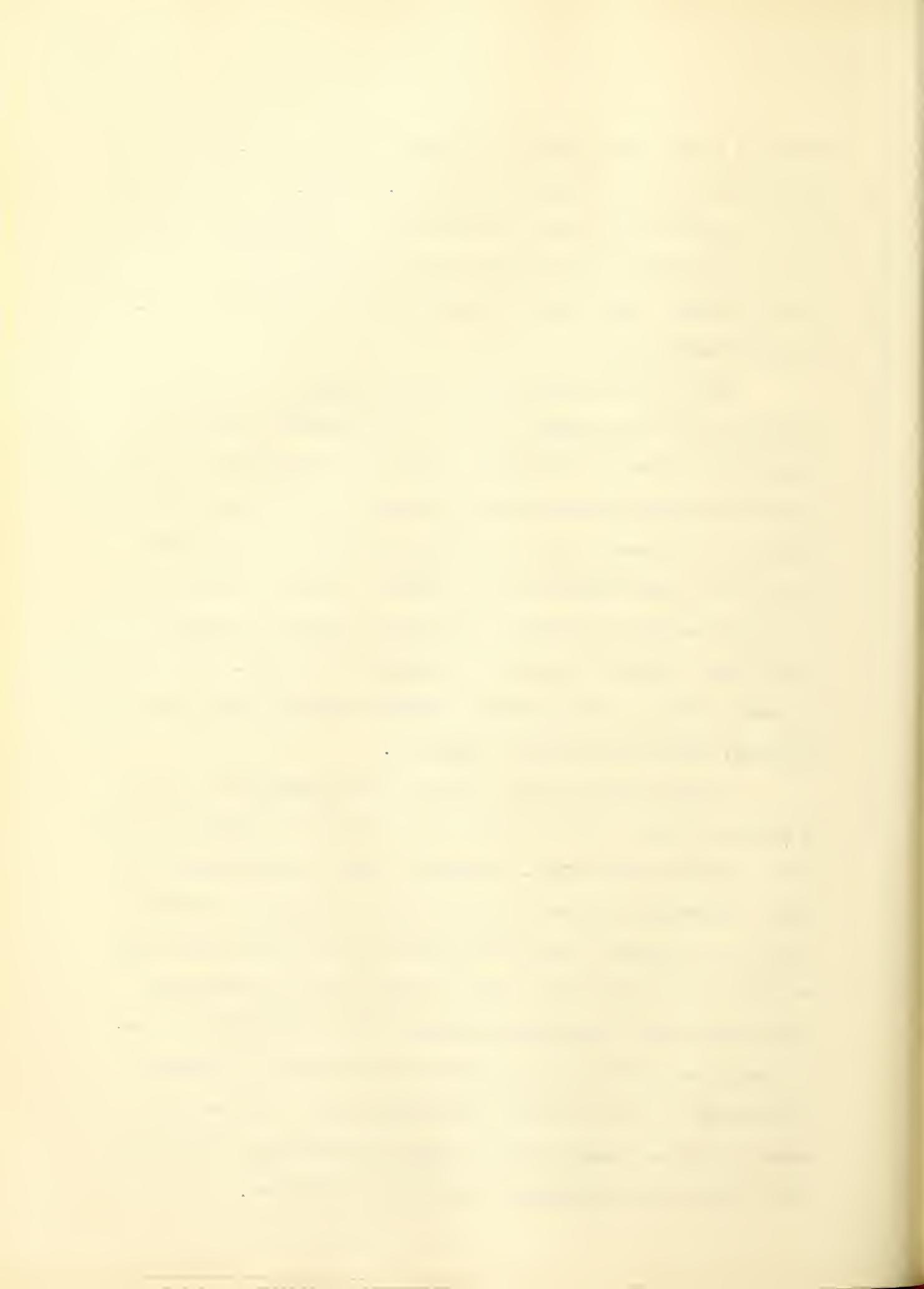
There is another reason for the apathy of many retailers to subscribe to such franchise programs, and that is their unwillingness to accept the price confinement that these agreements naturally would entail. Some retailers are operating profitably by doing the bulk of their volume in wholesalers' branded merchandise which they often sell at what the traffic will bear. This statement should not be construed to mean that these retailers have different prices for the same shoe, depending upon the customer. What is meant is that although the normal



markup on a shoe would indicate for example, a price of \$7.00 per pair, this retailer is apt to mark the shoe at \$8.00 or \$9.00, in the belief that his customers will accept the merchandise at that price. A shoe store handling Selby or Enna-Jettick or Red Cross Shoes has no such pricing freedom. Their retail prices are a matter of national recognition and acceptance.

Selectivity of distribution by manufacturers is another consideration for the independent retailer. The agreements entered into covering such selective arrangements usually give the retailer an exclusive and protected agency within the town or trading area. Such contracts are offered in most cases by manufacturers of high-priced, good quality, nationally-advertised footwear. In some instances, the merchandise may be of a specialty type such as hand-sewn moccasins or loafer types, children's shoes, or conservative arch shoes. In any case, the shoes covered by exclusive agency agreement normally are so well known that they practically sell themselves.

Small retailers do not often have the opportunity to acquire an exclusive agency since the vendors are interested in giving the agency to a source of high volume. Department store shoe departments and larger independent retailers located in small to medium-size trading areas are most usually offered the exclusive agency tie-up, since these retailers would be much more likely to provide the vendor with that steady, year-round, concentrated business which is reflected in a sizable operating profit for both manufacturer and retailer. Exclusive agencies must be able to reach a greater proportion of the potential market for the merchandise than any other possible source of distribution, otherwise the exclusiveness defeats its own purpose.



Despite the definite trend of opinion among some shoe retailers that buying directly from the manufacturer will result in lower costs to the retailer, there can be little argument on the statement that there is still a most important place in our footwear distributive structure for the shoe wholesaler. It has been said that although the wholesaler as such may be eliminated from a distributive process, the wholesaling functions themselves cannot be eliminated and accordingly must be assumed by some other principal. This is as true in the shoe business as it is elsewhere in our marketing economy. The future of the independent shoe retailer is inextricably intertwined with the successful performance by the wholesaler of his many marketing functions. The average independent retailer of women's shoes cannot confine his buying to manufacturers, unless he is a subscriber to a franchise program as offered by International, General, or Brown, as was previously discussed. If he has no such commitment, he would do well to reconsider the importance of his wholesalers in his own operation. Too many shoe retailers are apt to shrug off their wholesale suppliers as middlemen who are "just there to skim off a bit more of the cream", leaving that much less for the retailer.

The wholesaler is in effect, the purchasing agent of the retailer, whose task will be considerably lightened if the wholesaler performs his functions efficiently. He can usually provide immediate delivery in small quantities and has a broad line of staples which may be of interest to the independent retailer of women's shoes. It is true that with the increasing importance of the style element in feminine footwear, the role of the wholesaler is somewhat modified. However, the



convenience of having the wholesaler close by with staple merchandise readily available as needed, is of great importance to the shoe retailer. Close cooperation by the wholesaler with his retailers is an essential toward high volume and rapid turnover. There is no doubt in my mind that the wholesaling services are of incalculable assistance in the successful operation of most independent shoe retailers.

At the beginning of this section it was stated that the concentration of purchases by the retailer will result in larger discounts and cleaner stocks, making for greater profit. This point is so important that additional emphasis at this time would not, I hope, be redundant. It pays to buy from a few sources to the extent that the retailer will receive more careful attention and consideration, speedier deliveries, greater credit and sincere merchandise counseling. When a shoe store has confined its buying to a few good resources, it has taken the first and a most important step toward effective merchandising and a highly profitable operation.

C. Timing of Purchases

Shoe retailing may be said to produce a time utility with regard to getting the footwear to the customer when such footwear is desired. Brown and white spectator pumps and thong-type barefoot sandals are hardly a well-timed presentation if offered for sale during a January blizzard. Of course this is a far-fetched illustration which is hardly probable, but many shoe retailers have much to learn about timing their purchases so that their customers will receive the benefit of the fullest creation of this time utility.

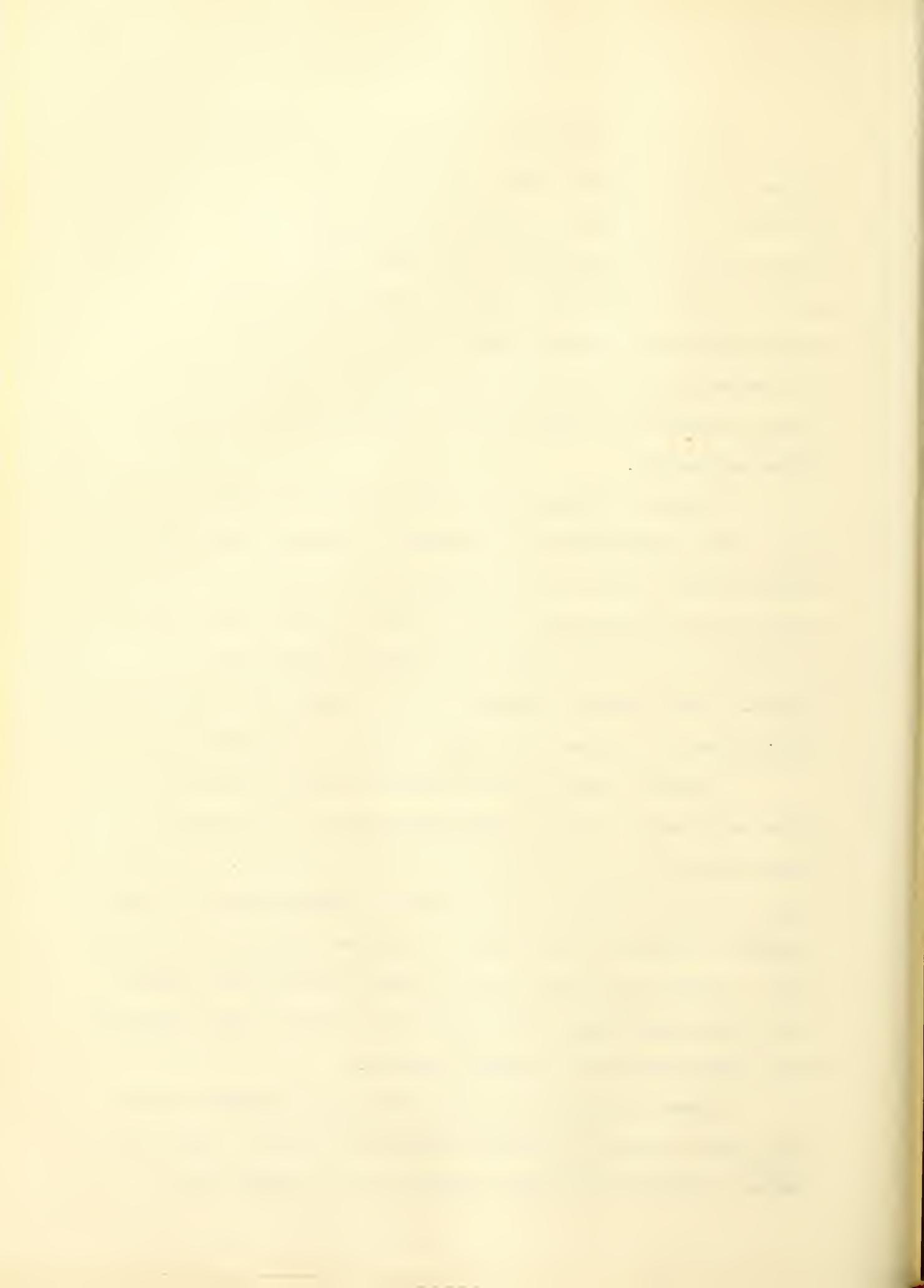


The choice of merchandise resources is a component of the problem of proper timing of purchases. If the retailer chooses to buy the bulk of his stock directly from the manufacturer, he must be prepared to sacrifice a great part of the interim period after placing his order and before its delivery, a period which he might otherwise use in closely scrutinizing fashion trends. Of course if he buys from a wholesaler there is that time interval which becomes available to him before placing his order, and which is often a valuable tool to the buyer of fashion merchandise.

Timing of purchases entails keen observation by the shoe retailer of the buying habits of his customers in connection with the seasonal weather trends of that geographical area in which his store is located. Many retailers have found that black and brown calf pumps, if of open pattern, will sell rather freely during September and early October. Other retailers in different areas probably would have difficulty in moving such shoes before the really cold, Fall weather sets in.

Similarly brown and white spectators may sell quite well during early March and April in southern sections of this country, whereas they don't move at all up North until May and June. It is up to the retailer to analyze his geographic and climatic location so that spectators offered for sale by him will sell when offered, not two months later. Likewise the cautious, hesitant retailer who buys five cases of white suede sandals after a heat wave in July, will more than likely take most of these shoes in his December inventory.

Nobody can predict the weather from day to day with one hundred percent accuracy, but retailers know what the general climatic and seasonal conditions are in their respective areas and they should

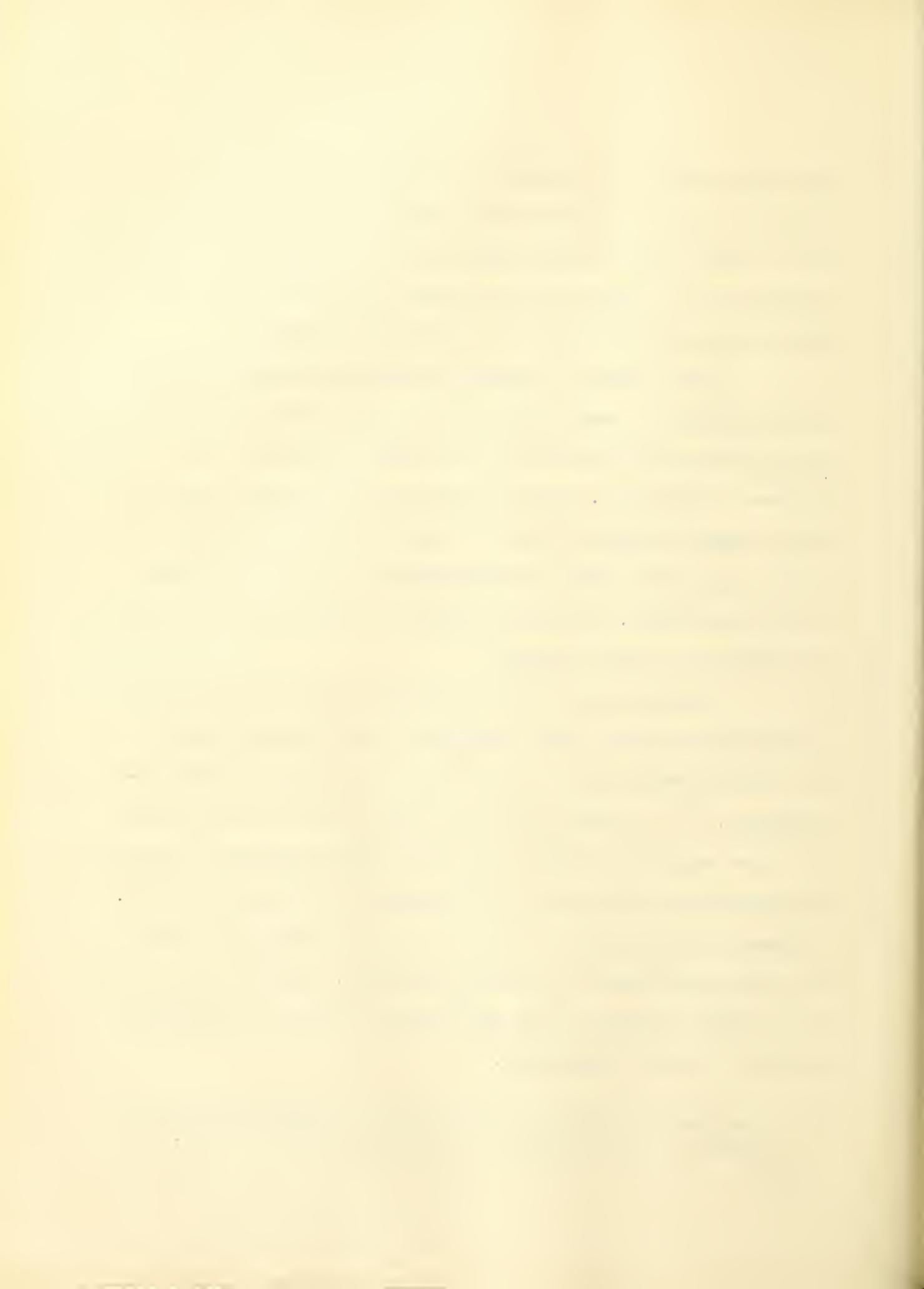


take those factors into consideration in their merchandising activities. The alert retailer will realize that by closely observing such conditions he is actually taking a logical short cut in his attempts to interpret effectively his customers' wants and thereby can do much to increase the efficiency and profitability of his business operation.

Rubber footwear has become an increasingly important item in the merchandising of women's shoe stores and accordingly the retailer should give strong consideration to the timing and quantity of his purchases of such goods. There are probably very few shoe stores which sell no rubber footwear. If not for snow, then this merchandise is sold for the rainy seasons which are commonplace in many southern sections of the United States. Thus this problem is a common one to shoe retailers throughout the entire country.

A prominent chain shoe store operator has made the statement that the normal initial rubber commitment for most retailers should run to approximately 70% of his prior year's sales total of this classification. (1) He feels that this is sound policy for most retailers to follow, regardless of their size, since sound merchandising principles are applicable to all forms of retail enterprise, both large and small. It seems logical to assume that this 70% would be sufficient to cover the first heavy storms in a normal winter season. Reorders can be placed if and when it appears that the 70% figure may have been a conservative estimate of initial requirements.

(1) Interview, Albert Schiff, Vice-President and formerly Merchandise Director of Shoe Corporation of America, September 16, 1948.

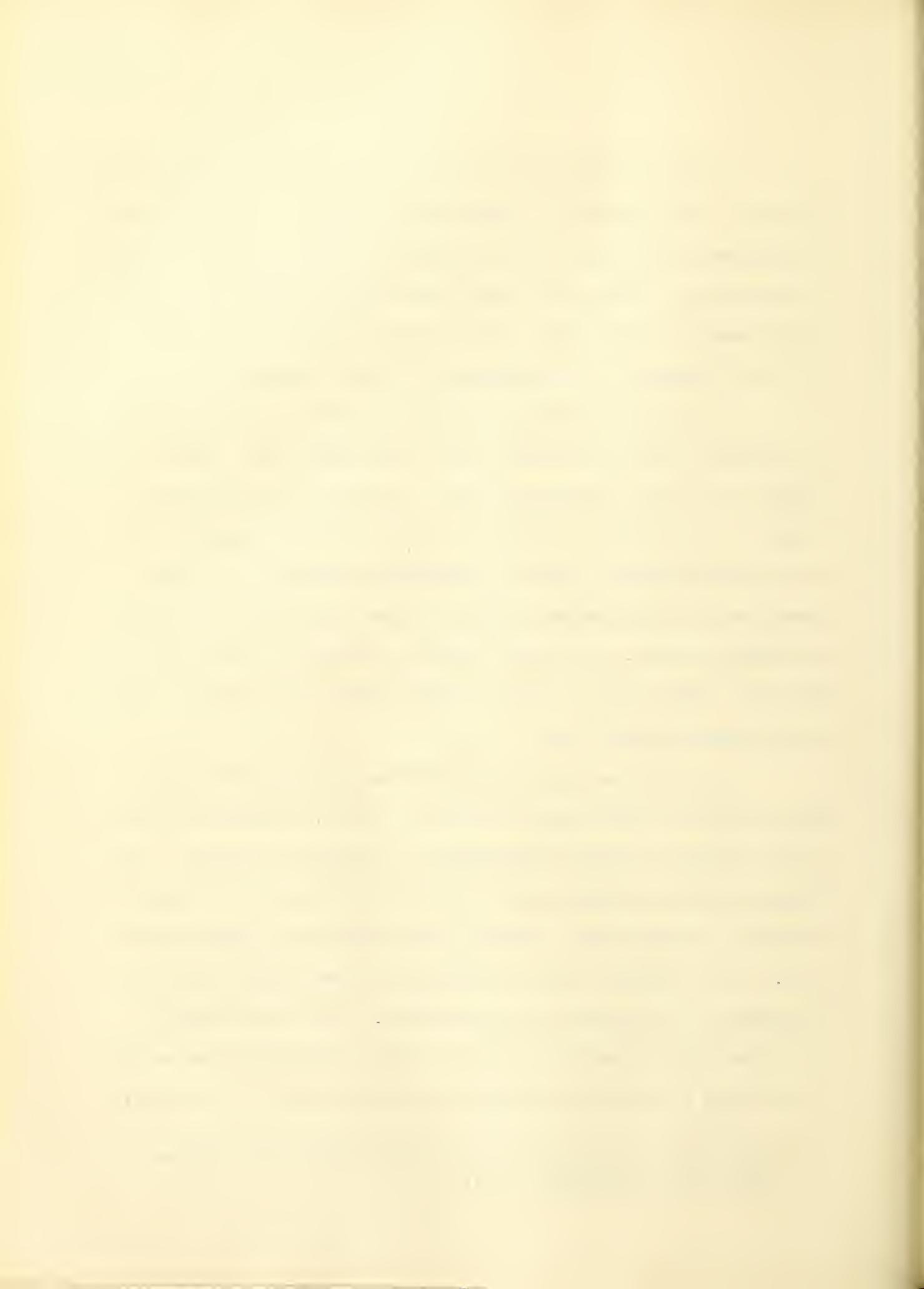


On the other hand, if the winter turns out to be a comparatively mild one, an attainment of at least 50% of last years sales may logically be expected, leaving only a 20% carryover of rubber inventory. To attempt to merchandise a small store in exact compliance with these percentage figures may not be advisable, but the reasoning behind the suggestion is certainly worthy of consideration by all shoe retailers.

In addition to properly timing his purchases and presentation of seasonal footwear, the women's shoe retailer must keep a sensitive finger on the pulse of footwear styles. For the small retailer whose volume is done mostly in staple shoes, timing of style purchases is not of too great importance, but the independent who operates to a great extent in fast novelties must continually keep abreast of the dictates of footwear fashion. The latter retailer is probably in competition with chain store operations and is thereby under an even heavier stress than he otherwise would be.

The shoe store which specializes in highly-styled footwear must, to operate successfully, follow this precept. New styles must be bought promptly, displayed prominently, and disposed of speedily. (1) Buying new styles promptly does not mean that the retailer is to put in a brand new, revolutionary footwear style as soon as it becomes available. What is meant is that the retailer must decide first if the new treatment will be suitable for his customers. If he feels that they will accept this innovation in style, he must then determine the correct time for him to place his order and present the new shoe to his trade.

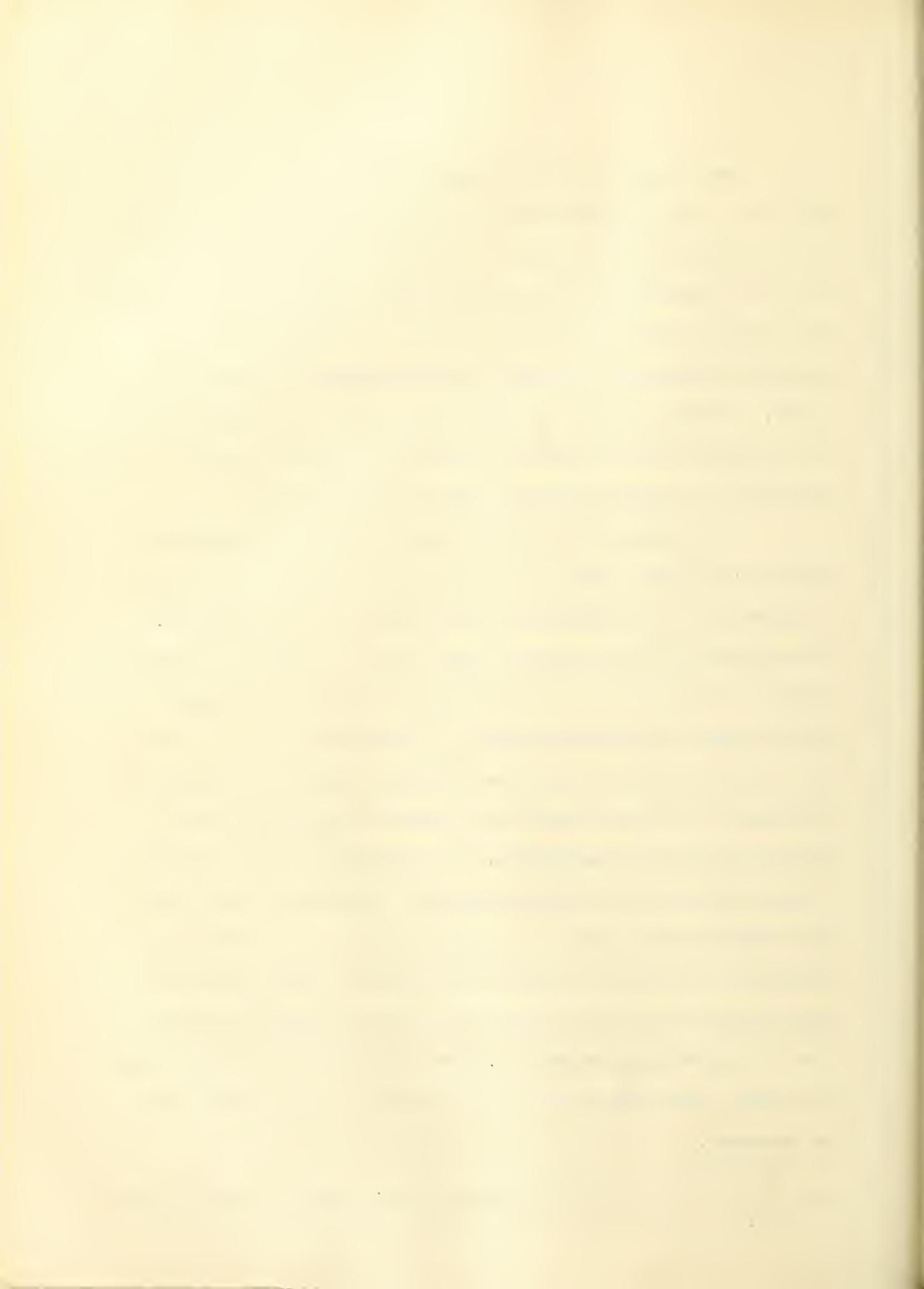
(1) Establishing and Operating a Retail Shoe Store, (United States Department of Commerce), p.159.



Some shopping centers are more sensitive to style than others, and it is a highly important job for the retailer to determine just how style-conscious his customers are. There is no set rule to help him arrive at a conclusion, and many retailers have discovered the so-called style index of their trading areas the hard way, by buying new styles incorrectly and marking them down, and down some more to clean out their stocks. Of course mistakes are made in this phase of merchandising as in all others, but the mistakes as such are of no great consequence if the retailer is prudent enough to profit by his own errors.

The fashion cycle is often represented by a bell-shaped curve showing the following steps; (1) creation, (2) adaptation (to the needs of consumers), (3) popularization, (4) decline, and (5) abandonment. The shoe retailer must determine at which point on this curve he should present a new development to his clientele to receive the greatest immediate amount of customer acceptance. Before placing his orders however, he should consider the following general tendencies of most fashion cycles: (1) The more sudden the increase in popularity, the more sudden the decline and abandonment. (2) Most fashions tend to increase in importance more slowly than they decline in importance, and (3) The more fundamental the fashion, the longer the cycle. (1) For his own protection the retailer of highly styled feminine footwear should examine his operation and his intended purchases most carefully in the light of the foregoing information. Such precautionary thinking is time well spent, usually resulting in clean inventories, high turnover, and few markdowns.

(1) Norris A. Brisco, *Retailing* (Prentice-Hall, New York, 1947), pp. 318-319.



The timing of style item purchase and presentation is affected naturally by the activities of the shoe retailer's competition. It is unwise to generalize by saying that he should follow the operation of his chain competition on style footwear. This policy may be wrong for two reasons. First of all, the chain merchandising headquarters is usually a long way off from the local customers and thus may be "out in left field" as far as their acceptance of a new offering. The independent is in a much better position to know whether or not the people there in that specific area, are ready for the new style. Secondly, by continually following the chain, the independent may eventually acquire the reputation of being a follower rather than a leader in the merchandising of highly styled feminine footwear.

The independent should learn what he can from his competition, but he also should have enough confidence in his own ability to gauge the potential popularity of a new style, to buy the shoe, and to offer it for sale accordingly. He may not always do a bang-up job, but his customers will come to know that this retailer carries the very latest in footwear fashions, and by his so doing he is meeting their style demands as efficiently and progressively as his merchandising operation will permit.

Chapter V. Merchandise Control and Turnover

It is a fundamental principle of merchandising that a sound system of stock control is an absolute requisite for successful shoe retailing. This system need not be elaborate, nor need it be costly, but it must perform its function fully and effectively, otherwise it becomes pointless and wasteful. A good system of stock control will maintain the most profitable interrelationship of sales and merchandise inventory so that a high rate of turnover will be realized. The shoe retailer must not lose sight of this fundamental precept, for his entire operating success is to a great extent dependent thereon.

In any merchandise control system there are four basic factors which form the framework of the entire control set-up. These factors are involved in checking on all movements of merchandise---the amount of merchandise on hand at the beginning of the period, the amount received during the period, the amount sold, and the amount of stock on hand at the end of the period. It makes no difference whether these factors are considered in amounts of dollars and cents, or in terms of number of units---in, either case, a system of merchandise control is being effected. (1)

A. Perpetual Inventory Control

This type of inventory control is also known as the sales-control method since its outstanding characteristic is the fact that sales

(1) Establishing and Operating a Retail Shoe Store (U.S. Dept. of Commerce, 1946), pp.55-56.



must be recorded for each department, classification or unit controlled. Within the perpetual inventory control method there are two fundamental procedures for control of sales; these are unit control and dollar control. Dollar control is itself further divided into cost and retail methods.

1. Unit Control -- Perpetual Inventory

Unit control is the keeping of stock records in terms of individual units which in the case of the shoe retailer may be extended to cover size, material, color, style and heel height in addition to pairage. It is up to the retailer to determine what sort of unit control is best suited to his individual operation. His selection of a form of control system should be conditioned by the amount and diversity of the store's volume, plus careful consideration as to the type of information needed for his merchandising activities. The system chosen should not be cumbersome or intricate, and should provide a ready source of essential information which the shoe retailer should use to the fullest extent.

Unit control has developed to the greatest extent amongst retailers of those types of merchandise, the buying and selling of which requires considerable information as to their physical characteristics. Naturally shoe retailing is to be considered in this classification. For example, a shoe buyer may know that for May he has \$5,000 to spend for oxfords, that his sales should be \$6,000 and that his end-of-month stock should be \$15,000. A sound system of unit control can provide the information which will enable him to spend the \$5,000 wisely--how



the money should be distributed in sizes, colors, styles, etc., as well as the most profitable assortment to have on hand as opening inventory on the first of the next month. (1) It should be pointed out that under a perpetual inventory system of unit control, this information would be available to the shoe buyer whereas under the physical inventory method of unit control, an actual classified physical count of merchandise on hand would be required before the information could be obtained.

In smaller shoe stores where the buyer is also the salesman, the need for a system of perpetual unit control is not too keenly felt, but because a store does a small volume of business is hardly a valid reason for some such retailers to want nothing whatever to do with any formalized stock-keeping procedures. Some merchants can operate their businesses from within their hats, so to speak, but these retailers are in the small minority for there is such a complexity of merchandising problems in shoe retailing today that careful record-keeping regardless of volume of business, is a most important requisite to successful operation.

Perpetual unit control keeps a continuous record of the movement of merchandise into and out of the store, thereby permitting necessary stock adjustments to meet sales requirements. In addition, a perpetual inventory control affords a check on stock shortages which will appear when the results of the physical inventory are compared with the corresponding book inventory data. (2) An example of this data as ob-

- (1) Norris A. Brisco, *Retailing* (Prentice-Hall, New York, 1947), p.215.
- (2) Delbert J. Duncan and Charles F. Phillips, *Retailing Principles and Methods* (Irwin, Chicago, 1947), p.282.

tained from a perpetual inventory system of unit control is given here-with:

Stock #N2243 - Black suede O.T.O.B. cutout vamp platform sandal, gore back, anklet quarter, 24/8 heel.

Pairs on hand Feb. 1		150
Pairs purchased, Feb. 1 to July 31	360	
Pairs returned to manufacturer	<u>36</u>	
Net pairs purchased		324
Pairs available for sales		<u>474</u>
Sales by pairs, Feb. 1 to July 31	260	
Book inventory, July 31		214
Pairs on hand, July 31 (Physical Inventory)	210	
Stock Shortage	<u>4</u>	(1)

These figures indicate that a system of perpetual unit control makes it possible to find the inventory in units at any time and to consider this figure along with the sales for the same stock number. Thus adjustments in stocks can be made when the need arises. This type of unit control method is used by many larger shoe retailers since shoe sales easily lend themselves to recording by units and reorders are quite common in the shoe industry itself.

Since each sale is a part of the unit control mechanism, there must be a suitable procedure devised for obtaining sales record information. The most commonly used methods in retailing include: (1) Cash register tickets, (2) Merchandise price tickets, (3) Sales slips, (4) Salespersons tallies, (5) Box tops, and (6) Control tickets. In shoe retailing, without doubt the most widely followed practice is the use of sales slips, although there are some shoe stores and departments which obtain their sales data through various of the other methods listed. (2)

- (1) Adapted from H. W. Huegy and R. V. Mitchell, Stock Control Methods (University of Illinois Bulletin, April 7, 1942), p.27.
- (2) Ibid, p.27.



2. Dollar Control -- Perpetual Inventory

Dollar control is the second fundamental type of merchandise control and is exercised in terms of the amount of money at either cost or retail which is invested in inventory. Before this control can operate effectively however, it should be pointed out that the store is usually departmentized, otherwise an average, over-all picture of the entire store would be obtained with little control being provided. Likewise it is of importance to note the cost method of dollar control under a perpetual inventory system is both expensive and difficult to operate and is used by only a few types of stores, for example jewelry stores. (1) The retail method is by far the more suitable type of dollar control not only for shoe stores but also for most retailers whose volumes warrant a control system of this nature.

The retail method of perpetual inventory control permits the classification and control of related types of footwear, such as platform pumps, arch shoes, or house slippers. This classification procedure is used by many retailers as a supplement to general departmental control. For a large shoe store, this control set-up might be arranged with a dollar control covering all women's dress shoes, and a classification control covering these shoes by spike heel, cuban heel, college heel, and flat heel types.

In addition to classification control there is another type of dollar control in common use. This is known as price line control and as its name implies involves merchandise control by price line at

(1) Ibid, pp.24-25.

which an assortment of stock is offered for sale. This method may be used with a system of classification control to obtain more detailed information about the movement of smaller groups of closely related merchandise. That is, price lines may be broken down into classifications according to material, size, style or some other appropriate basis. For example, by using both systems of classification and price-line control a retailer will know how many \$6.95 platform sandals he has sold, or how many \$10.95 conservative pumps he has in stock. Ju-dicious application and use of such systems can provide a wealth of information to the retailer whose operation requires their adoption. (1)

For the most part, larger retailing units such as department stores and chain organizations employ the perpetual inventory system of dollar control whereas many smaller independent stores find it advisable to use the periodic inventory method of dollar control. Nevertheless there is a sizable number of smaller shoe retailers who find that they can operate with a high degree of efficiency under this control method. (2)

As long as they prevent the system from becoming unwieldy and over-detailed in operation it would appear to be quite well suited for shoe operation. Naturally the final inspection and decision must be made by the shoe retailer in each case, for there is no general rule to follow as to the adoption and use of any inventory control methods. Each shoe store operation poses a separate problem and must be considered and evaluated as such.

- (1) Delbert J. Duncan and Charles F. Phillips, *Retailing Principles and Methods* (Irwin, Chicago, 1947), p.275.
(2) Ibid, pp. 276-277.



In summary, it may be said that the retail method of inventory control is the most satisfactory method for obtaining facts necessary to the sound operation of a dollar control system of perpetual inventory. It provides a running record of sales, stocks, purchases, markups, and markdowns during any period. Likewise it permits the determination of gross margin at any time that this figure is desired. (1) On the whole, this system is expensive to operate, but as stated previously, if a retailer's operation warrants its employment, he has taken an extremely important step toward improving and increasing the effectiveness and profitability of his entire merchandising activity.

B. Physical Inventory Control

Physical inventory control methods should not be confused with the physical inventory-taking which is a basic procedure in perpetual inventory control as well as in physical inventory control. Physical inventory as such should be taken at least once a year and possibly semi-annually, even under a book inventory system. Many retailers are unaware that while taking such an inventory for accounting purposes, by recording a little additional information, they could obtain an excellent source of merchandising information. Simply by taking the inventory in classifications of merchandise they are making available to themselves considerable data on stock turnover, which of itself is a vital consideration to any retailer.

(1) John W. Wingate, *Retail Merchandise Control* (Prentice-Hall, New York, 1933), p.3.

1. Unit Control -- Physical Inventory

The physical inventory method of unit control is actually being employed by the retailer who personally observes or inspects his merchandise at regular or even irregular intervals. In the smaller shoe store the proprietor himself usually inspects the stocks, whereas in larger stores he may turn over sections of the stock to various salespeople. This type of control operates through the examination and analysis of the current inventory as compared with the previous inventory. The rates of sale of various items and comparative stock levels are thus easily ascertained. The use of the minimum-stock arrangement is common under this method of control. Such an arrangement provides for notification of the buyer by the salesperson when pre-set and pre-marked minimums in any stock or style have been reached. This procedure is not commonly used by shoe retailers since the problem of proper size levels is not effectively handled by a minimum stock arrangement covering a style number in total. Some shoe retailers might conceivably adapt this system to a control by minimum levels of sizes within a specific style, but such a procedure would probably tend toward cumbersomeness and an excess of clerical detail work.

Perhaps the greatest weakness of the minimum-stock arrangement insofar as its possible use by shoe retailers is concerned is that attention is called only to merchandise which is selling freely, since no inventory is taken until the pre-set minimum stock condition has been reached. (1) On this basis slow moving merchandise is practically

(1) H. W. Huegy and R. V. Mitchell, Stock Control Methods (University of Illinois Bulletin, April 7, 1942), pp. 22-23.

disregarded as a result of the control techniques being applied solely to freely-selling items. For the shoe retailer, perhaps his greatest bane is dead stock which consists of old styles, and sizes from either end of the size schedule. This minimum-stock arrangement provides little help to the retailer in discovering and eliminating the dead stocks from his inventory.

Under the unit control system of physical inventory there are two other control procedures possible, in addition to the minimum-stock arrangement. The first of these two techniques involves control by a check list which is prepared by showing a basic or minimum stock list of the quantity of each item that should be on hand at all times. This method is supposedly effective in controlling stocks of merchandise that can be inspected easily and quickly. The second method is a rotated or tickler control system which is operated by taking periodic inventories of only a portion or class of the stock at a time. (1) Although neither of these latter two methods are used by shoe retailers to any appreciable extent, it is hoped that the brief reference made to them at this point will not detract from the continuity of this discussion of possible inventory control methods for shoe retailers.

2. Dollar Control -- Physical Inventory

There are two types of physical inventory which a retailer may use in a dollar control system. These two bases for figuring inventories are known as the cost method and the retail method, as was true under

(1) Ibid, pp.22-23.

the perpetual inventory type of dollar control, which likewise invokes the taking of inventory at cost prices and at selling prices, respectively. Many smaller retailers take an annual or semi-annual inventory at cost price and usually for the store as a whole. These figures, although needed for accounting purposes, do not offer much in the way of stock control data for they give only the average condition of the store as a whole, with little possibility of obtaining from their use, information necessary for maintaining a proper balance between price and merchandise lines. (1)

As was stated previously many retailers are unaware of the benefits to be derived from classification control of physical inventory. Such a procedure requires practically no extra expense and is much more helpful than figures for the store as a whole. Especially useful to the retailer is the available information on stock turnover by classification of merchandise as illustrated in the following example:

<u>Branded Casual Shoes and Playshoes</u>	<u>Cost Price</u>
Inventory, February 1	\$2,500
Total Purchases, Feb 1 to July 31	\$4,000
Returns to Mfgrs. Feb 1 to July 31	250
Net Purchases, Feb 1 to July 31	\$3,750
Total Cost of Mdse. Available for Sales	\$6,250
Inventory, July 31	2,375
Cost of Goods Sold, Feb 1 to July 31	\$3,875

The turnover on these types of footwear can then be easily determined by dividing the cost of sales (\$3,875) by the average inventory at cost (\$2,438), giving a turnover for the six months period of 1.59, or 3.18 on the annual basis. (2) Since a much more detailed

(1) Ibid, p.19.

(2) Ibid, pp.19-20.



discussion of turnover will be undertaken in the following paragraphs, suffice to say at this point, that rate of stock turn is an excellent index of the effectiveness of a retailer's merchandising activities, and therefore, when such information is available to him with little extra effort, it seems logical to suggest that he classify his physical inventory-taking in order to obtain this helpful data.

The retail method of physical inventory dollar control has many of the advantages and disadvantages of the cost method, and in the few instances wherein one system shows a comparative advantage it is usually nullified by an accompanying disadvantage. For example, although the cost method requires extra clerical work for price decoding, the retail method requires listing of all price changes (markdowns, markdown cancellations, etc.) Likewise, the retail method of inventory valuation gives a more accurate picture of market value of the inventory than does the cost method of valuation; but on the other hand, the cost method requires no extra charging of both cost and retail prices of the same merchandise, and also there is under the retail method, for calculations involving markup percentage and their complements (100%--markup %).

For the most part both cost and retail methods of physical inventory control are relatively cheap and easy to operate, involving little extra work and few additional records. However by their very nature, these systems are actually a totalling of records after the physical inventory is taken, and as such they can provide little data quickly enough to make necessary adjustments to merchandise stocks. "Consequently they become in most cases a sort of post-mortem, revealing the successes or failures of the past," (1) but are far from the dynamic systems of control

(1) Ibid, p.21.

which are an urgent need of many retailers today.

It can be seen from the preceding discussion of the characteristics, both advantageous and disadvantageous, of the systems of perpetual and physical inventory control, that the shoe retailer, in most instances would be operating most efficiently under the book system of inventory. That form of control is inherently better adapted and more suitable for effective merchandising operations in a women's shoe store especially, than would be a physical inventory control setup.

The question logically arises now as to which control is better within the perpetual inventory system---dollar or unit control. There can be no generalizing in answering this question, since each retail shoe operation must be considered individually in the light of its own requirements. One point however should be noted at this time, and that is that many of the most successful, larger retailers of women's footwear use both dollar and unit control systems as necessary supplements to each other. Since dollar control tells us "How much?", and unit control answers the question "What?", there can be little argument that effective merchandising of a retail shoe operation to its fullest extent would indicate the great importance of using both dollar and unit control systems of perpetual inventory control. (1)

C. Stock Turnover

As was stated earlier in this chapter, an effective stock control system will maintain the most profitable interrelationship of sales and merchandise inventory so that a high rate of turnover will be

(1) Ibid, p.19.



realized. This question of rate of turnover is extremely important to the shoe retailer, since service to a group of customers requires a reasonable variety of merchandise, with special attention being given to the selection of styles, sizes, materials, etc., so that the accumulation of slow-moving stock will be kept to the very minimum. (1)

Turnover is a term which is used rather freely and as a result, is often misunderstood. A simple definition of the term might state that a retailer buys and sells completely his average stock during a given period. Rate of turnover may be figured either at cost or at retail as follows:

(On Cost)	Turnover =	$\frac{\text{Cost of Sales}}{\text{Average Inventory (At Cost)}}$
(On Retail)	Turnover =	$\frac{\text{Net Sales}}{\text{Average Inventory (At Retail)}}$

However it should be pointed out that turnover on cost is slightly higher than turnover on retail. This is due to the fact that there is a difference between initial and maintained markup, causing the average stock figure to be reduced more than the sales figure in converting from retail to cost. Thus the retail method is the more conservative of the two. (2)

It seems advisable at this point to make some further mention of the methods for computing average stock, since this figure is one of the two elements needed for figuring the rate of stock turnover. To begin with, the greater the number of inventory figures available during a period, the more accurate in most cases is the turnover figure derived

(1) Stockkeeping, (Retail Shoemen's Institute, Boston, 1922), p.74.

(2) Norris A. Brisco, Retailing (Prentice-Hall, New York, 1947), p.203.

therefrom. Thus if an inventory is taken monthly, then the sum of these figures as of the last day of each month plus the opening inventory for the year, all divided by 13 should give a truly accurate average inventory amount. Likewise if the inventory is taken weekly, the opening inventory plus each ending inventory by weeks, divided by 53 will give an even more accurate average inventory amount for the year. (1) Most shoe retailers however use the monthly inventory system in calculating their rates of turnover.

In the shoe business there is another calculation used in determining turnover. This figuring involves the use of pairages only, as noted in the following example:

(Pairage)	Turnover =	Pairs Sold Average Inventory (of Pairs)
	Turnover =	<u>3,000 Pairs</u> <u>1,000 Pairs</u>
	Turnover =	3.0

Under this method no dollar calculations on cost or retail are involved, but there is a definite limitation to this way of figuring turnover. There is a danger in combining pairage figures representing all lines regardless of price, since the result obtained will represent a too general average. If this method is employed the shoe retailer should break the pair count down into his departments by price lines so that the turnover for these specific lines may be accurately figured. (2)

There are many possible reasons for a low rate of turnover in a women's shoe store. Perhaps foremost in frequency in this regard, is

(1) Ibid, p.204.

(2) Stockkeeping, (Retail Shoemen's Institute, Boston, 1922), pp.79-81.



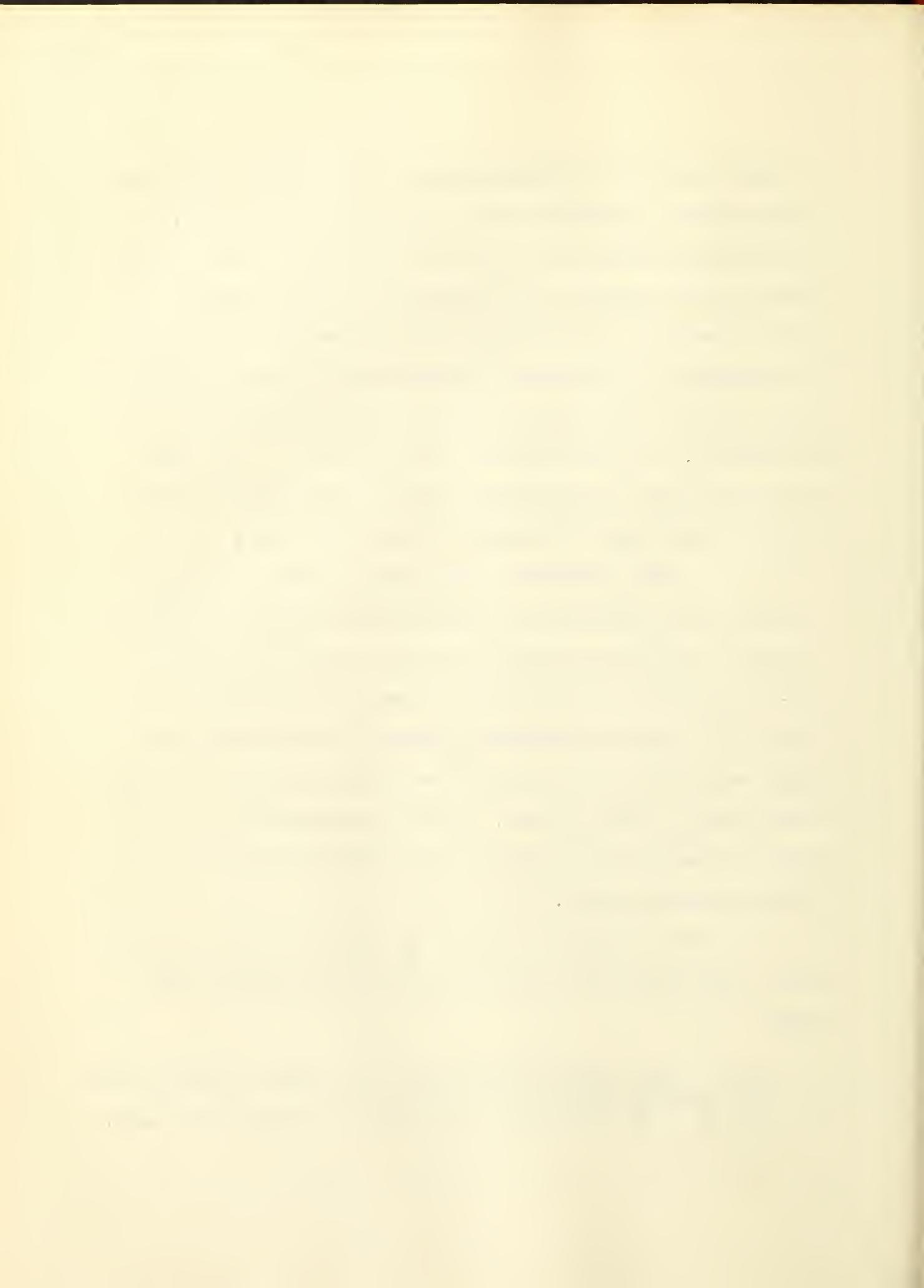
the overly wide spread of price lines and styles which some shoe stores maintain in the interests of having a so-called "complete stock". It is a comforting feeling for the retailer to know that his stock is complete, but if the demand is not realized for which the merchandise is stocked, then the feeling of comfort usually leaves the retailer only to be replaced by the unpleasant knowledge that his store is overloaded with a variety of sizes, styles, and colors for which there are very few customers. No retailer likes to lose sales, but if a real demand is not present for a certain style or color, then the buyer is building up his dead stock at the expense of having a full line. (1)

The ideal condition in a shoe store is a small but adequate stock which sells rapidly and is constantly being replaced with new merchandise. The following factors are often the cause of low turnover:

(1) Unbalanced stocks which may mean too many styles and price lines as stated in the paragraph immediately preceding; (2) slow moving merchandise carried for prestige; (3) poor advertising, display, and salesmanship; and (4) seasonal slumps. Thus the retailer must plan his operation and merchandising activities with a view toward avoiding these pitfalls wherever possible. (2)

A shoe retailer who felt that his turnover was unsatisfactory made a careful study of his operation and found the following condition:

- (1) National Retail Dry Goods Association, *The Merchant's Manual* (McGraw-Hill, New York, 1924), pp.381 and 392.
- (2) Norris A. Brisco, *Retailing* (Prentice-Hall, New York, 1947), p.207.



<u>Classification</u>	<u>Number of Styles</u>	<u>Number of Pairs</u>	<u>Annual Turnover</u>
(a) Rapid-moving styles	5	345	16.0
(b) Average-moving styles	40	2,200	6.3
(c) Slow-moving styles	105	7,050	1.8
(d) Non-moving styles	<u>32</u>	<u>950</u>	<u>—</u>
Total	182	10,635	Average 2.8

In a few months he reduced his number of styles from 182 to 84 with a similar reduction in pairage from 10,635 to 5,640 pairs. In group (c) the number of styles was reduced from 105 to 40 and the pairage from 7,050 to 2,551. As a result of these changes, the stock turn was increased from 2.8 to 4.3, and the store's operating profit was likewise substantially increased. (1) This is a concrete and factual example of how a retailer who has bogged down his business with a wide assortment of unsalable styles and lines, can, by use of common sense and sound merchandising principles, weed out the undesirable elements from his inventory, and thereby increase his rate of stock turn and his profit likewise.

The matter of slow moving merchandise is quite naturally a most important problem for the retailer of women's shoes. Merchandise may move slowly for reasons beyond the buyer's control. For example, abnormal weather conditions, sudden style changes, and a decrease in purchasing power in that trading area are all factors which might very conceivably slow up footwear sales for a specific retailer. However more usually dead stocks are an alarming index of poor buying judgement,

(1) Ibid, pp. 207-208.



especially if these stocks consist to a great extent of end sizes, flashy but outmoded styles, and poor quality merchandise.

There are several suggestions listed below which the shoe retailer may find helpful toward increasing his rate of turnover: (1) buying of merchandise should be done with proper consideration given to price, quality, style, and salability in connection with the tastes, purchasing power, and demand of the customer clientele of the store, (2) planning of purchases so that pre-set stock limits will not be exceeded, (3) an effective merchandise control should be in operation, and (4) an efficient advertising display, and retail sales program should be inaugurated. If a shoe store is operated in deference to these four fundamental principles, it can hardly be contested that the retailer will be increasing his stock-turn rate and most important, showing a profit.

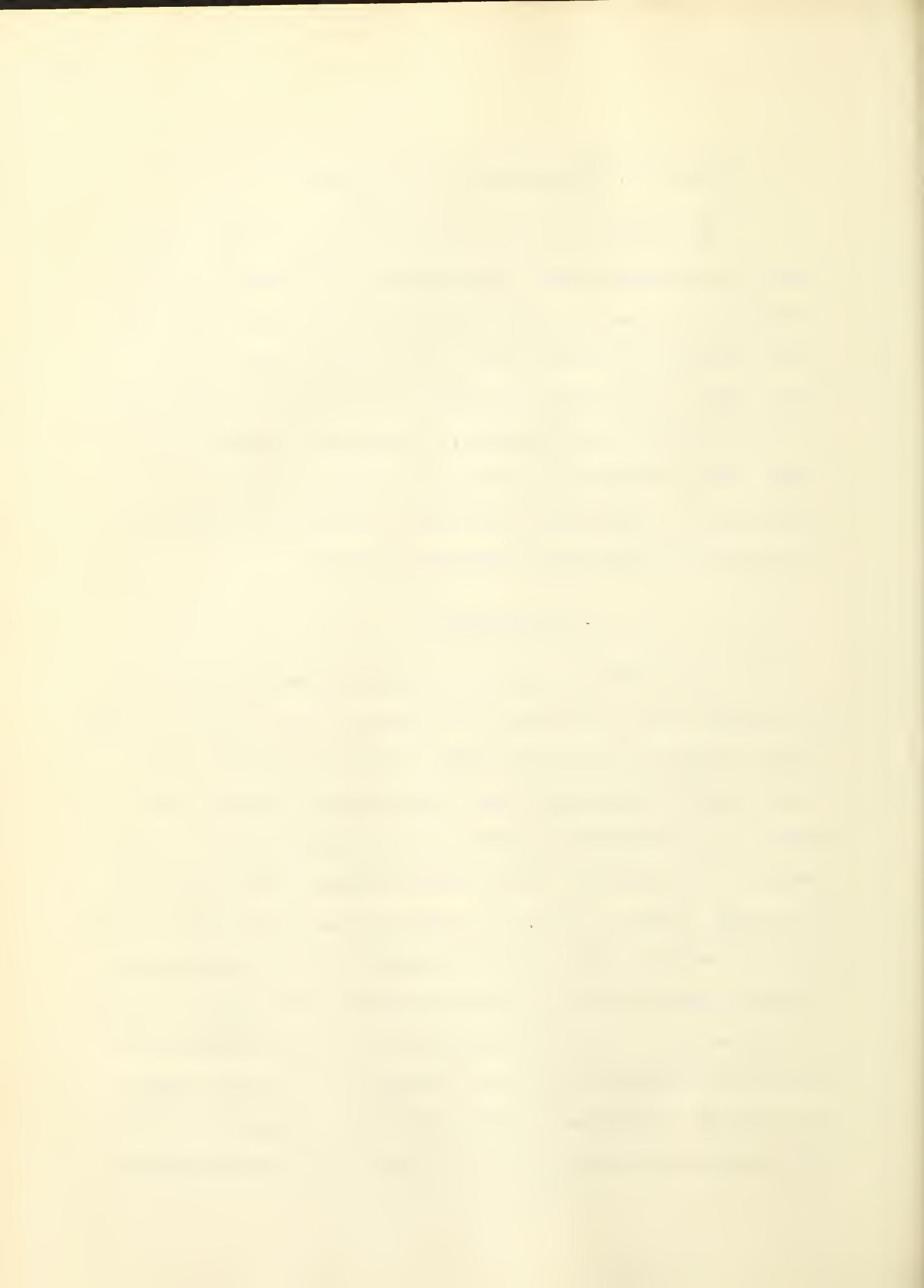


Chapter VI. Style, Price, and Size Control

Our treatment of merchandise control methods and stock turnover in the preceding chapter was along more or less general lines. No attempt was then made to consider individually and in some detail, the three fundamental problems peculiar to shoe retailing with which the women's shoe store operator must contend in his attempts to merchandise his store effectively and profitably. These highly important merchandising elements required in any successful retail shoe operation are style, price, and size control, all three of which will be discussed at some length in the paragraphs immediately following.

A. Style Control

As was stated in an earlier chapter, many women's shoe retailers unwisely stock an inventory, three-quarters of which consists of high styles, new fads, and flashy novelties, with only about 25% of their stocks covering conventional, steady-demand styles. The general consensus of most profitable shoe store operators recommends that just the reverse of this inventory condition should be sought after by the average retailer of women's shoes. An exception to this generalization would be in the case of the retailer who is engaged in a fast, high-style operation; possibly one who is in direct competition with a unit of a chain store operation of a very similar nature. At any rate, no matter what phase of style merchandising he may be engaged in, it is of the utmost importance for the retailer of women's shoes to so merchandise his stocks that his inventory style condition will reflect at all times the careful

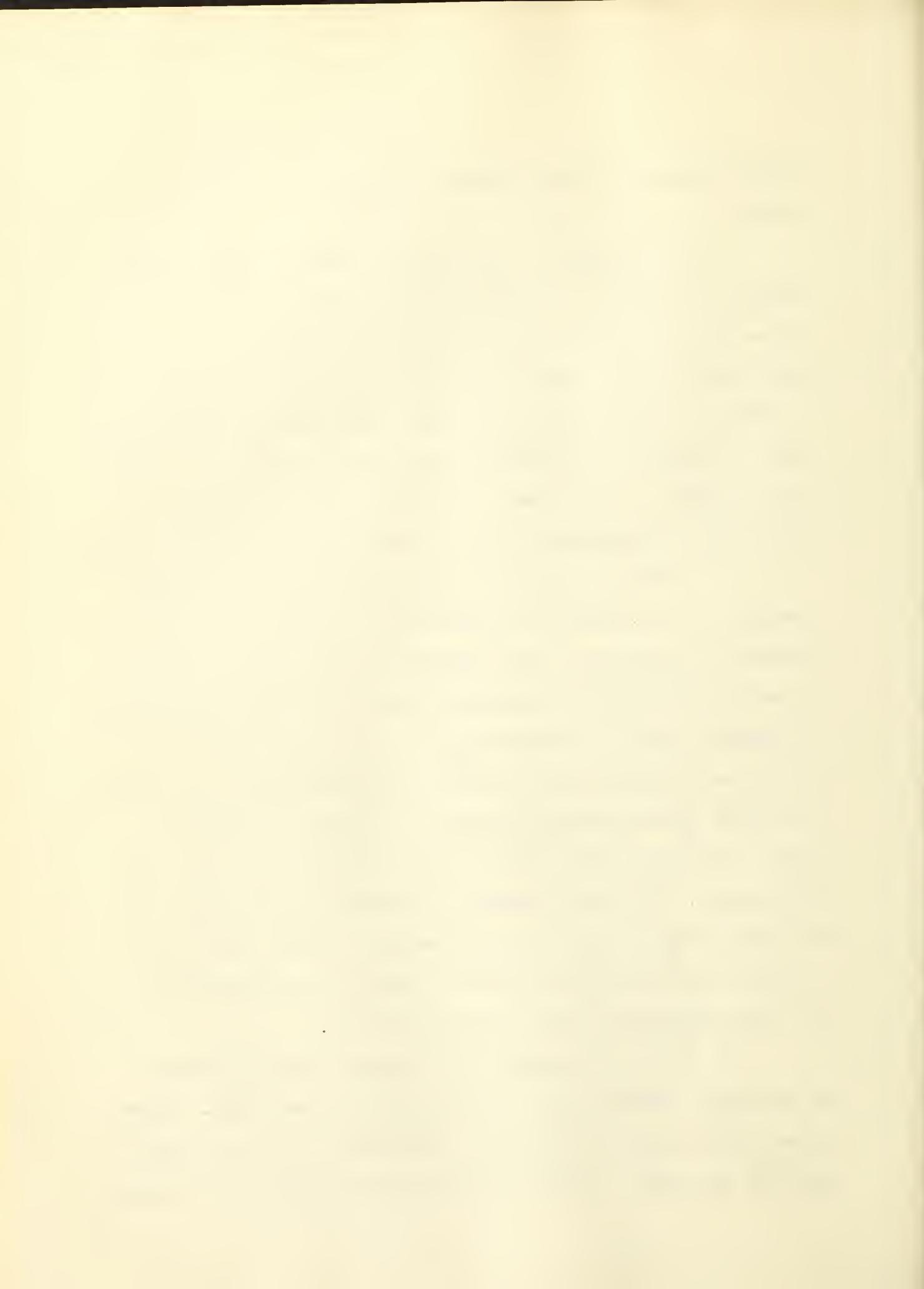


planning, buying, and control functions so necessary to profitable operation.

It is advisable for the retailer to maintain strong control, insofar as he possibly can, over the ratio of sales to stock in various styles. The term "styles" may be considered as including references to colors, materials, and heels, all of which could logically be used as the basis of a sound style control system. Indiscriminate buying of new styles by a retailer will normally result in low turnover and an undesirable accumulation of poor sizes, both of which are the results of slow moving merchandise acquired for want of a suitable style control technique.

In Section C of Chapter V, reference was made to an analysis undertaken by a shoe retailer who felt that his operation was hardly as effective as it might have been. The results of his survey underlined the absolute necessity for a retailer to watch closely his merchandising of footwear by styles. It should not be too difficult a task to separate a store's inventory into the four classifications used in the example just cited. These classifications were as follows: (a) Rapid moving styles, (b) Average moving styles, (c) Slow moving styles, and (d) Non-moving styles. With this breakdown as a beginning point the retailer can reduce or increase, as needed, the number of styles in each classification with a view toward making his inventory as fast-moving, yet on a sound merchandising basis, as he possibly can.

To be sure the retailer will not know in advance into which of these four classifications a new style will eventually fall. However, unless he has a record of the style and description of the shoe, when it was first purchased, its sales by periods (months usually), its original



price and later price reductions (if any), and its number and frequency or reorders---unless the retailer does have data on all of this information, his style control will be a misnomer, for he would then have no such control at all. It is important to mention at this point that stock records covering prior years' operations are a vital element in effecting style control. For example, the sales figures of blue calf spectator pumps during March, April, and May of last year are necessary not only for sound buying of such shoes this year, but also for properly determining the advisable stock limit to maintain on such shoes throughout the year.

Many women's shoe retailers believe that at any one time, a store should show an inventory on basic, staple shoes of a no greater number of pairs than the total planned sales pairage for those styles during the next six months. On style shoes, a four month supply is considered the maximum desirable condition, whereas on extremely high styled shoes, as low as a two month supply is often advisable. A comparison of the ratio of sales of each style to stock will indicate whether a re-order (sizing up) is required or whether steps should be taken to dispose of it completely. (1)

The alert retailer will learn to evaluate properly the style criteria of his own trading area. There are definite local style requirements and virtual taboos which the retailer will consider strongly in his merchandising activities. For example, many larger shoe distributors have come to recognize that anklet-type quarters on sandals will

(1) Establishing and Operating a Retail Shoe Store (U.S. Department of Commerce, 1946), p.78.



find considerable consumer sales resistance in smaller cities and towns, whereas such types will sell very freely in larger cities and metropolitan districts. On the other hand, the conventional, one-strap open quarter which is desirable in the smaller communities, likewise sells very freely even in large urban centers. There are similar "local eccentricities" as to wedge heels and outside heels, platforms and single soles, open and closed toes and backs, and so forth through the entire field of footwear styles.

There can be no absolutely perfect style control system evolved which will function in practice with 100% accuracy, since style in its very essence is a most ephemeral and intangible element. However, the retailer of women's shoes can so conduct his operations that style footwear will become a valuable source of sales volume, and not the cause of overloaded inventories and low turnover. A simple yet effective system of style control worked out to meet the retailer's own merchandising requirement, along with well-kept stock records can be instrumental in putting the shoe store operator on the pathway to retailing success.

B. Price Control

The sound basis of effective price control will usually be found in the concentration by a shoe retailer on fewer, rather than on a greater number of price lines. To a great extent, the principles of style control are applicable in any price control system, since the buying habits of the store's customers, their general income groups, and their consumer preferences must all be evaluated for effective control on both prices and styles. Adequate records on sales by prices must be



maintained in order for the price control system to operate. In addition, such data is the very basis of the planning as to price line concentration which must be done before the actual buying operation is undertaken. Any shift in demand from one price line to another can thus be determined, with appropriate action taken to meet the altered demand.

Most retailers have discovered that a majority of sales in any one shoe store tend to concentrate at a relatively small number of retail prices. Accordingly the alert operator will take steps to eliminate those price lines which provide insufficient volume to warrant maintaining them. Failure to take such steps would normally result in an accumulation of many styles and broken runs of sizes. Although this reduction in the number of price lines handled would normally make inevitable a temporary increase in markdowns, the future operating results would justify this action by far. (1)

In much the same way that the retailer of women's shoes determine the most suitable styles with which to merchandise his store, so he will logically arrive at the proper spread of price lines to use in his own operation. Evaluation of the general income level of his customer clientele in addition to consideration for the volume necessary in each price line will enable the retailer to meet his customers demands and operate efficiently in so doing. The initial phase of price control reverts to the fundamental requisites of successful retailing---the retailer must know his customers, their buying habits, their income levels and their merchandise wants.

(1) Cases on Merchandise Control in Women's Shoe Departments of Department Stores, Bulletin No. 59 (Harvard University, Bureau of Business Research, Cambridge, 1926), p.35.



Some owners of small shoe stores may insist that they need a wide variety of price lines, but the most successful operators generally confine the bulk of their merchandise, both in conservative shoes and style shoes, to one price or one range of prices. By so doing they are able to maintain a more complete assortment of sizes within the price lines, with consequent better service to their customers. (1) This practice will also usually result in the necessity for fewer markdowns over the course of the year's operations.

Good merchandise pricing practice calls for using a sufficiently high initial markup to cover future markdowns in each price and style group. Since it usually requires a higher percentage of markdowns to dispose of higher priced shoes, such merchandise should therefore be originally priced using a larger percentage of markup than is normally used on less expensive shoes. (2) It is apparent then that effective price control must begin with the retailer's first contacts with his own retail prices, at their very inception as part of his merchandising and pricing activities.

A final consideration in price control is the use of loss leaders. A leader, as it is called, is that merchandise offered for sale at an abnormally low markup. The usual purpose for offering such leaders is to attract customers into the store. Although the customers' ostensible reason for entering the store is to purchase the low-priced item, the retailers employing this technique feel that by getting the

- (1) Establishing and Operating a Retail Shoe Store, (U.S. Dept. of Commerce, 1946), p.83.
- (2) Ibid, p.83.



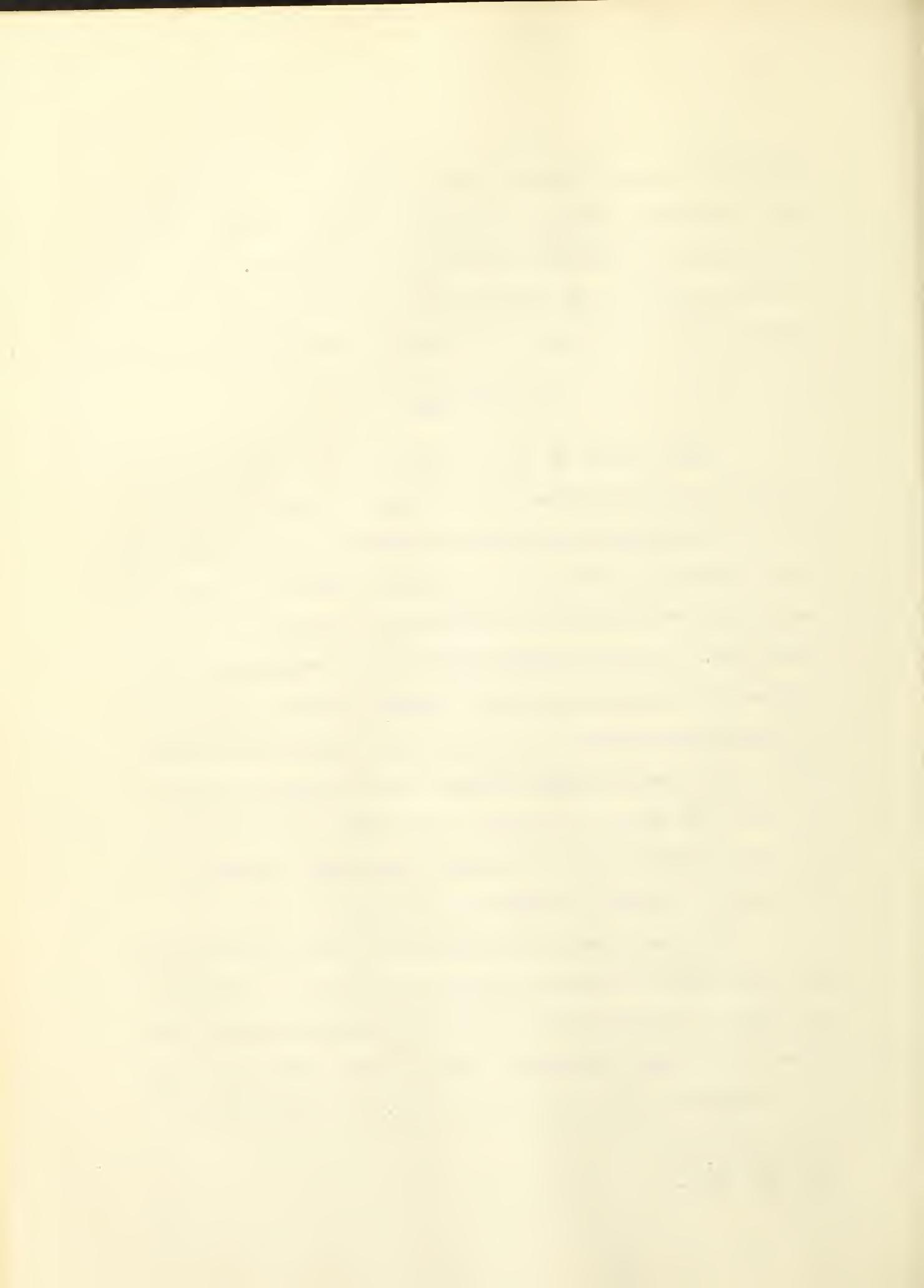
additional customers into their establishments, they will stand to gain in additional volume on other items, whatever they may concede in pricing their loss leaders at a low percentage of markup. A shoe retailer may be forced to follow this procedure in order to meet competition, but it is a bad retail practice and should be avoided whenever possible. (1)

C. Size Control

Proper control of sizes is possibly one of the most important problems with which the women's shoe retailer is confronted. A prominent shoe manufacturer and retailer has estimated that about 100 million dollars annually are tied up in end sizes and discontinued lines. This sum, he believes, exceeds the net profit of the entire industry in a normal year. He further estimates that of 91% of newly-starting shoe retailers will eventually go out of business, with more than one half of these failures traceable to money tied up in end sizes and broken lots. This statement confirms what many shoe retailers have found out by personal experience, that since a great number of sizes and widths are required in the retail shoe business, more money is usually lost in buying wrong sizes than in buying wrong styles. (2)

As is the case in the controlling of styles and prices, adequate and suitable records must likewise be maintained for effective size control. Beginning with the retailer's very first purchase, data on exact sizes bought and sold is a must, if the accumulation of end sizes and broken size runs is to be avoided. A retailer may keep

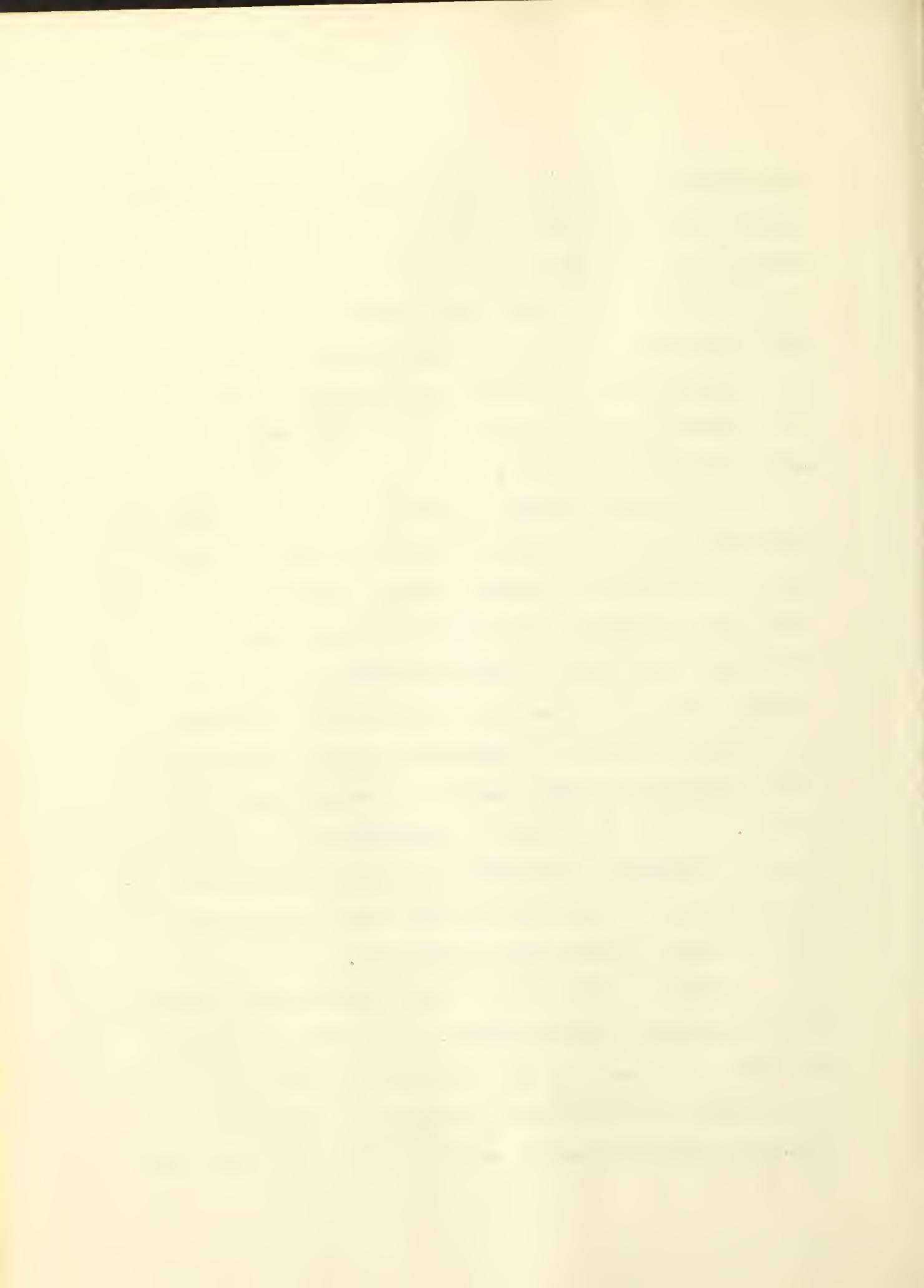
(1) Ibid, p.84.
(2) Ibid, p.85.



exact records on the sizes sold, but if he cannot compare the sizes on hand with the initial sizes purchased, his attempts at control are absolutely futile. In order for size control to be effective, full data on sizes coming in from vendors and as customer returns, in addition to data on sizes sold must be painstakingly recorded. In this respect, any control system is like a chain which is as strong as its weakest link; if the control system is deficient at any point the entire set-up will become ineffective and wasteful.

An alert and successful retailer will know quite closely just what sizes in any type of shoe are best for him to stock in order to meet most effectively his customers' demands. There are definite size trends which are peculiar to any specific area and with which the retailer of womens shoes especially, should familiarize himself. For example, in certain sections of Pennsylvania, many women's shoe retailers find that the greater proportion of their sizes are sold in narrow widths, through practically the entire range of the normal medium width size schedule. In the normal course of my employment for a large chain shoe retailer, this sectional peculiarity was called to my attention. Further checking proved that this condition is quite commonplace and not a bit unusual with other retailers in those areas.

Placing an order for a new style involves careful consideration as to the sizes to be detailed thereon. If the shoe is a cuban heel type, the retailer may be of the opinion that his size run should start no lower than $5\frac{1}{2}$ on medium widths, with possibly a 7 to 9 run on narrow. For high-heeled pumps and sandals, the same retailer may decide



that his medium width run should go from sizes 4 to 8 with his narrow widths concentrated between 6 and 9. These sizes are not intended as models of proper size and width distribution, since each individual shoe operator must determine the size runs and widths which will most nearly meet his customers' requirements and thereby leave little merchandise to accumulate as broken lots and end sizes.

On purchases of high style novelty footwear especially, the retailer must exercise the utmost care in detailing his sizes, for it is on the new fads, "the hot items", so to speak, that many shoe stores get into difficulty. If the retailer has incorrectly gauged the sizes best suited to his trade on any such style, he will probably be left with many of these shoes in stock, with very little salability remaining in them because of their extreme style. In such cases, it is usually advisable for the retailer to "take his wash" as soon as possible by marking the shoes down and disposing of them in broken sizes in his own establishment or possibly by selling the lot to a basement outlet or to some similar job lot dealer.

In summary, it may be said that any attempts at size control will be nullified unless the shoe retailer is aware of the parallel importance of style and price control. These three elements form the key-stone of retailing success in the shoe industry. Disregard of their importance and necessity is an almost certain step toward the accumulation of slow-moving merchandise, low turnover, and consequently, very little if any operating profit.



Chapter VII. Aids to Sound Buying and Effective Merchandising

A. Constant Inspection of Operations

The shoe retailer who is lulled into a false sense of security by the apparent efficiency of his own operations may be very rudely awakened to find that his merchandising policies have become outmoded, his operation stagnant, and his customers disappearing. Every retail establishment must be constantly inspected with a view toward adjusting the store's operation to meet more accurately the new trends and changing conditions within the industry. The retailer who disregards the importance of thus checking his operating methods and policies will usually find that his business is hardly successful and barely profitable in the long run.

Satisfied customers are the basic requisite for retailing success, and the shoe store which is still merchandising women's shoes as if the flat-wedge type and closed-up opera pump were the latest in footwear fashions, will find that its customers will go elsewhere to find satisfaction in styles. It is not meant that the retailer must always lead the fashion parade, but his operating structure must be flexible enough to absorb the impact of new styles without buckling under the load. Too many retailers will merchandise to the hilt, leaving little or no slack for new developments. Constant inspection by the retailer of his operations should reveal such a condition to him, so that necessary steps may be taken to provide that margin of merchandising safety, which is so necessary to the retailer of women's shoes.

In addition to the inspection of merchandising policies, the



retailer must be continually cognizant of the necessity for amending any store operating function to satisfy more efficiently the demands of customers and to reduce overhead expenses wherever possible. Many services which are offered by the retailer are extremely expensive and too often they are not supplied as efficiently as might otherwise be done. It is advisable for the merchant to check his internal operation in this regard since the highly competitive conditions in retailing today will consume any profits otherwise obtainable, if the retailer's operation is lax and inefficient.

The indispensability of adequate merchandise and store records cannot be overly-emphasized, for such records may very well provide that additional amount of efficiency needed for successful merchandising and store operation. Throughout this thesis the necessity for written data on merchandise has been stressed, but at this point it must be noted that a comprehensive system of store accounts also should be maintained. An efficiently-merchandised shoe store will not be in business very long if the proprietor knows nothing of and cares less about the fundamentals of good accounting procedure. Merchandising efficiency is important to successful retailing, but adequate accounting records are likewise an essential of profitable operation.

The competition of the retailer of women's shoes should be the object of his special and undivided attention. The competitors' operations should provide for the retailer those criteria against which his own merchandising policies and techniques should be compared, evaluated, and adjusted if necessary. As was stated earlier in this thesis, efficiently-operated independent shoe stores have little to fear from



chain organizations and other wide-awake independents. The quondam wail of abject surrender at the aggressiveness of chain competition is replaced by a determination on the part of alert independents to meet their competitors squarely and confidently. These retailers know that they can learn much from their competitors which will improve and increase their own merchandising effectiveness. They also realize that our economy has plenty of room for the independent retailer specializing in shoes for women, notwithstanding any rumors to the contrary. These stores have a definite distributive function to perform, and the efficient operators are profiting in so doing.

By constantly inspecting the entire gamut of his operating activities, the shoe retailer is well on the way toward increasing his effectiveness as a retailer. Sound buying and profitable merchandising policies are as dynamic and changeable as most phases of retailing. Accordingly the merchant should employ those methods of operation which are best suited at that time to his requirements. However when conditions within the market, customer demand, or internal difficulties necessitate any change in operation, constant inspection by the retailer will spot these new conditions at once, so that the desired alteration in procedure may be made with little or no delay. Only by this continual check and double check of his activities can the retailer be reasonably certain that he is operating effectively and profitably.

B. Community and Trade Contacts

By joining local business organizations and by actively participating in all civic movements in the community the independent shoe



retailer will be effecting a positive reaction toward the successful operation of his business. It is advisable that he develop his interest in the functions of the local chamber of commerce, Rotary group, and other business and social organizations. By so doing he can usually acquire invaluable information on specific trends in retailing and other marketing data on prices and consumer demand, as pertains to that locality in which he is operating.

It is well known in the trade that most chain organizations which operate shoe stores in many small cities and towns strongly suggest to their managers and district managers that they show an active civic interest in the community wherein the chain has one or more retail outlets. The purpose of such a policy is two-fold. First of all, participation by chain store personnel in community undertakings is a technique for minimizing the antagonism felt toward chain operation which is still a problem to such organizations in many localities. Secondly, the store manager is a valuable barometer to the chain's centralized operating headquarters. From his observations as a local citizen and member of the neighborhood community, he can obtain much valuable data as to proper style, price, and merchandising policies in that area. This second reason holds true for the independent operator as well as for the chain organization, except of course that the independent can convert his knowledge of the necessity for a change in policy or operating methods into immediate and profitable action. For the chains, observations and recommendations by a field operator or district supervisor must be forwarded to headquarters through channels.

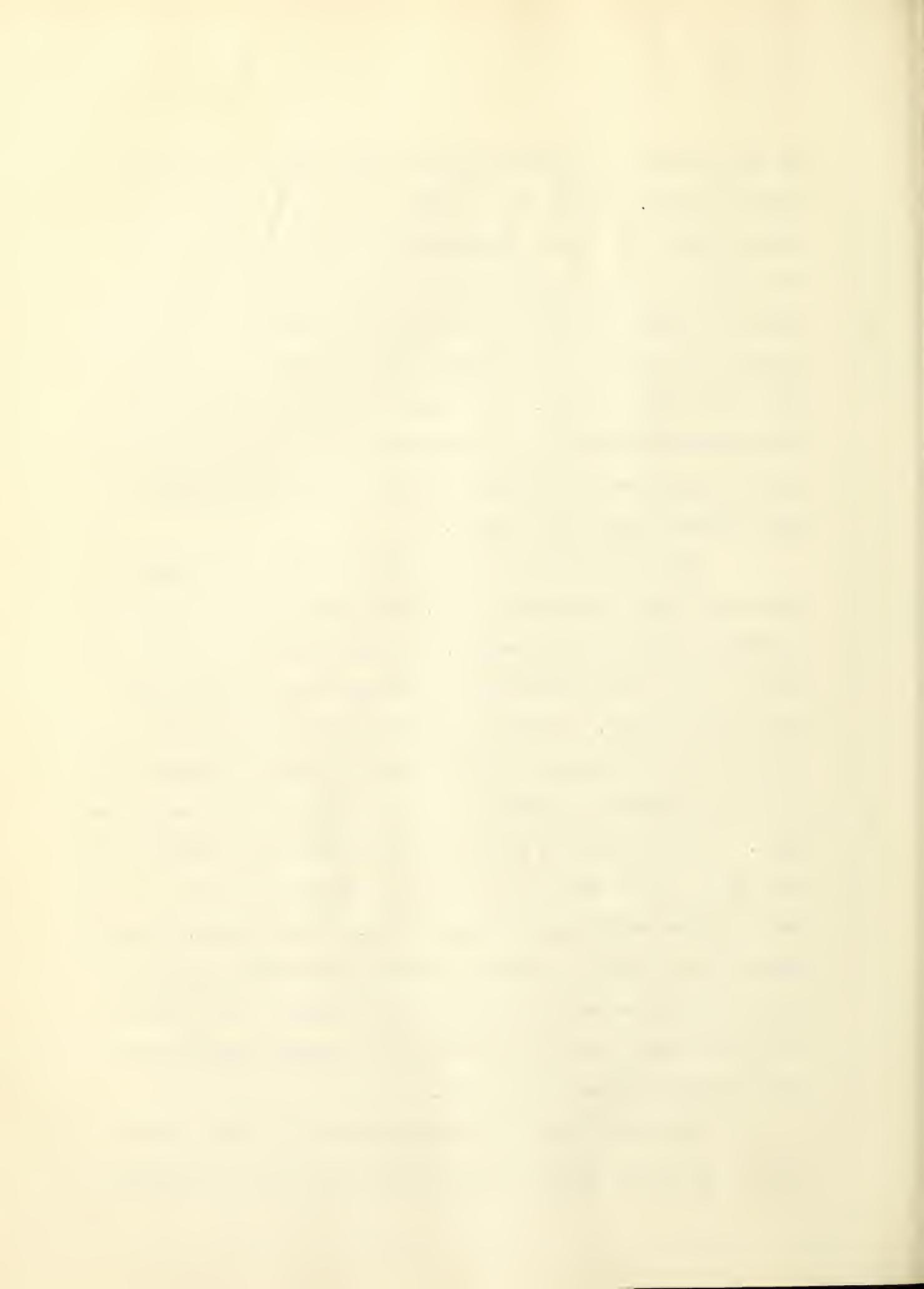
This passage of information up to central merchandising levels



is the very point on which the independent operator has the definite advantage of being able to make necessary adjustments in his merchandising activities so as to meet more effectively and without delay any change in demand, consumer income, or retail trends. The chain store on the other hand often loses out on the timeliness of a suggestion as the result of its extended delay in arriving at the point where it may be acted upon. The retailer who is alert will recognize this inherent advantage in his own operation and will realize the necessity for participation in community and civic ventures for benefits of both a commercial and social nature.

The National Shoe Retailers Association which is located at 274 Madison Avenue, New York 16, N. Y., is the trade group of which most successful independents are members. This organization is actively engaged in helping the average retailer to operate more efficiently and thus more profitably. In fact, in the words of Mr. Henry H. Dahl, a Director of the organization, "The National Shoe Retailers Association is always cognizant of the interests and requirements of its small members". No concerted action is ever undertaken without due consideration being given to the advantages or possible disadvantages accruing to the small retailers as the result of such action. In other words, it would seem that this trade group is perhaps unlike many others, in that the more influential members are not permitted by virtue of their position, to take unilateral action which might have undesirable results for the smaller retailer members of the group.

The National Shoe Retailers Association publishes a monthly bulletin called the National Footwear News which is sent to all members



as part of the organization's regular services, and at no additional cost to the retailer. This publication is printed in the plain, everyday language of the average retailer. Technical terms and involved discussions of the economic aspects of shoe retailing are not to be found in the NSRA bulletin. Rather, the retailer will find an up-to-the-minute survey of fashion trends and style changes, with appropriate suggestions for meeting the new trends. The bulletin also offers timely promotional data on the national and sectional level with which the retailer can tie-in his own local advertising and sales promotional undertakings. In the opinion of the writer, any shoe retailer who is not a member of this trade group would do well to consider the valuable services and other benefits accruing to members of the NSRA. The expense of joining is quite small, as are the annual dues, but the advantages of membership far outweigh these relatively small costs to the retailer.

There are many other trade contacts which may be of value to a retailer. In addition to numerous shoe and leather retailing and marketing groups, there are several excellent trade papers in the field of shoe distribution. To cite a few, the following are considered high-grade publications within the trade: Boot and Shoe Recorder, Shoe and Leather Reporter, Creative Footwear, Women's Wear Daily (Friday Shoe Supplement), Retail Shoe Register, and as previously mentioned, National Footwear News. All of these publications have much to offer to the average retailer of women's shoes, and it is advisable that he at least be familiar with them if he can not see his way clear to being a regular subscriber to one or more of them.

The importance of National shoe conventions and style shows

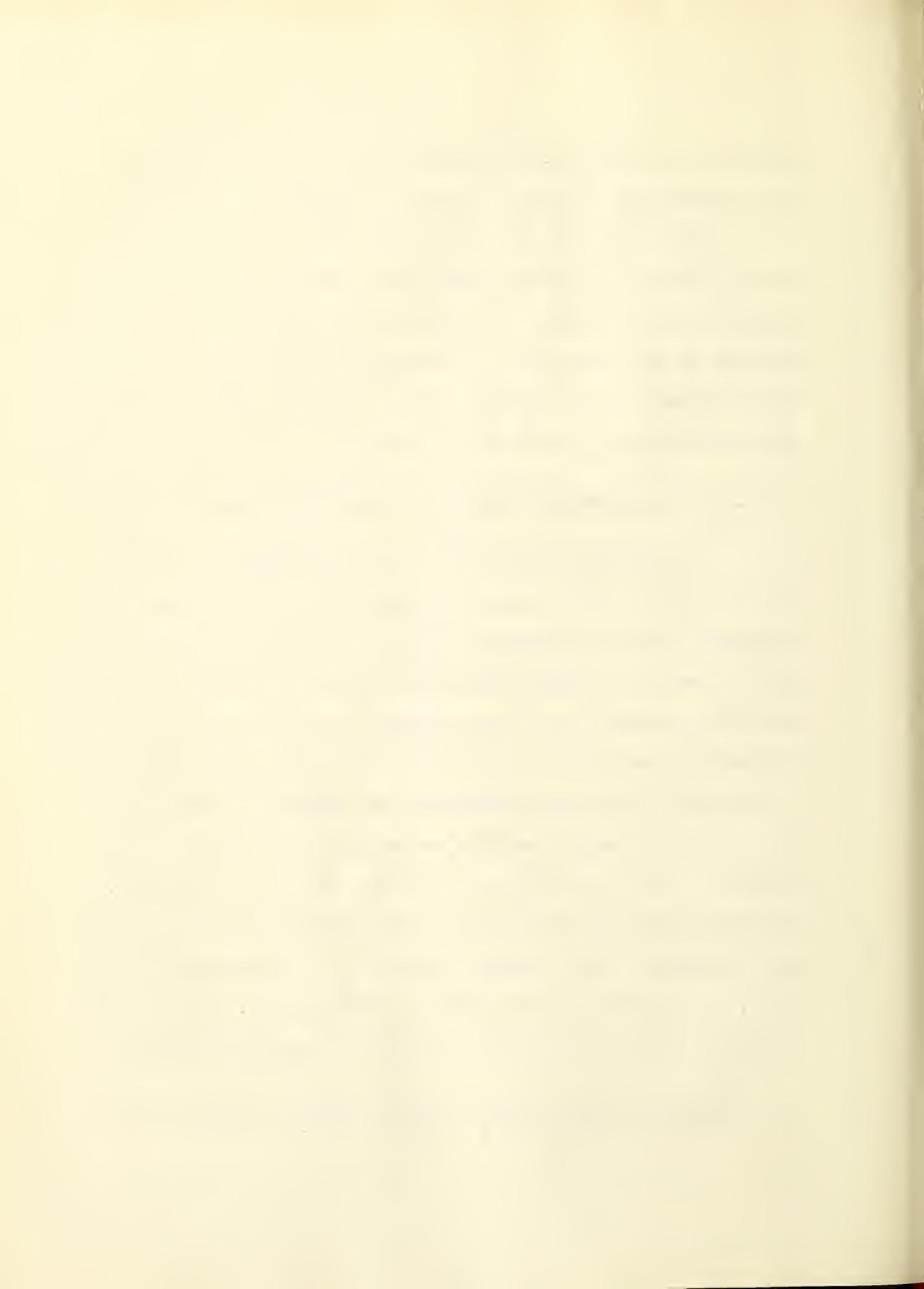


should not be overlooked. Attendance at such functions may be somewhat expensive for the smaller retailer, but whenever practicable, he should attend these trade meetings. On the local level, the retailer should join the existing trade group, or be instrumental in forming a shoe retailer's association if there is not one already in existence. (1) By so doing, the retailer will be developing and utilizing to the fullest extent his trade contacts which can provide a most convenient and helpful boost to any retailer's operation.

C. Use of Governmental Agencies and Business Services

Considerable information of interest and value to retailers is available from various agencies of federal and state governments. The Bureau of Foreign and Domestic Commerce of the United States Department of Commerce is foremost among those sources of business information which many retailers use to good advantage. Local field offices are maintained in many large cities, and their facilities are at the disposal of the public. Statistical information and abstracts of census data for each type of business activity are among the wide coverage of marketing data which the Department of Commerce offers to all concerned. Such information from the Census of Retail Distribution would be of special advantage to a shoe retailer contemplating the establishment of a store, or the opening of a new branch of a parent store. This valuable informational data is available in addition to cooperative assistance

(1) Establishing and Operating a Retail Shoe Store, (U.S. Department of Commerce, Washington, D. C., 1946), p.167.



from Commerce Department employees, but many retailers either overlook this source completely, or perhaps feel ill-advisedly that little help toward improving their operation could be gained there-from.

Many states operate industrial development bureaus or commerce departments. In most cases the shoe retailer will find that these agencies are extremely cooperative and helpful, as are the federal government bureaus, in their attempts to serve merchants who request their aid. In some instances there is a working relationship (in the retailer's interests) between such industrial development bureaus and the various chambers of commerce throughout the state. The retailers' questions as to population, trading areas, and desirability and availability of store sites, etc., can be answered by these bureaus with usually consistent accuracy based on well-established facts. Any retailer who is seeking market and population statistics would do well to consult his own state's commerce department or industrial bureau before seeking information from other sources at considerable expense.

The Federal Reserve Bank in each Federal Reserve District publishes a considerable quantity of informational data which many shoe retailers might study to advantage in their attempts to evaluate general retail trends. This information likewise is available for the asking and many retailers attach great importance to these figures, insofar as their own planned merchandising activities are concerned. In addition to statistics, the Federal Reserve Banks publish a monthly review of general business conditions within that Reserve District and also for the entire nation. This bulletin is written in plain, every-day language and is truly a valuable aid in acquiring an accurate and compre-



hensive picture of the quality and level of business activity. Such information is as necessary for the shoe retailer as it is for any other person engaged in a commercial pursuit.

Many retailers feel that such services as Willmark and Merit Systems have much to offer in improving a retail operation. When a store has reached a sufficient volume to require a considerable number of employees and several cash registers, then the advisability of these systems becomes apparent. In addition, if the retailer feels it necessary, a regular shopping service which checks employees and merchandise offered, can be instituted. For the most part, such a service would be too expensive and usually unnecessary for the average shoe retailer, but it is perhaps advisable to point out that there is such a service available to any retailer who deems it advisable for the improvement of his operation.

D. Educational Institutions

Most alert shoe retailers realize that it is never too late to go to school. In practically all cities of any size there are usually evening courses available in the field of retailing. Such courses are attended in many cases by successful retailers who have been in business for many years, but who are progressive enough to recognize the extreme importance of keeping pace with new developments and techniques in retail merchandising, display, salesmanship, accounting, etc. Some retailers will scoff at the mention of schools as an aid to profitable retailing, but skeptics are to be found in all fields of endeavor. At any rate, it is a wise retailer who is willing to learn



from others, whether the instruction stems from schools, salesmen, or competitors.

Many colleges and universities operate bureaus of business research which undertake various projects from time to time, usually of a market research and statistical nature. Reports and conclusions on these undertakings will not ordinarily be made available to the general public, but a retailer who knows of the survey and who may benefit therefrom, will often be able to study the findings through the facilities of the school itself, or through the local chamber of commerce or similar trade group which may have taken part in the research project. Their findings may be of great help to a shoe retailer planning a new venture, but it is up to the merchant to seek the data out and then apply it to the best advantage within his marketing and merchandising activities.

Another excellent source of information for the retailer is the public library. If the merchant feels that the press of business precludes his regular attendance at schools, he may still study and make reference to the best of written material on all phases of retailing by visiting the public library. Some cities have special library foundations which are devoted solely to the acquisition and dissemination of commercial information through books, periodicals, and newspapers. The City of Boston is fortunate in this regard, in having such an institution as the Kirstein Business Branch of the Boston Public Library. The information and technical data available to retailers from such libraries may be of inestimable value in helping him operate more effectively.



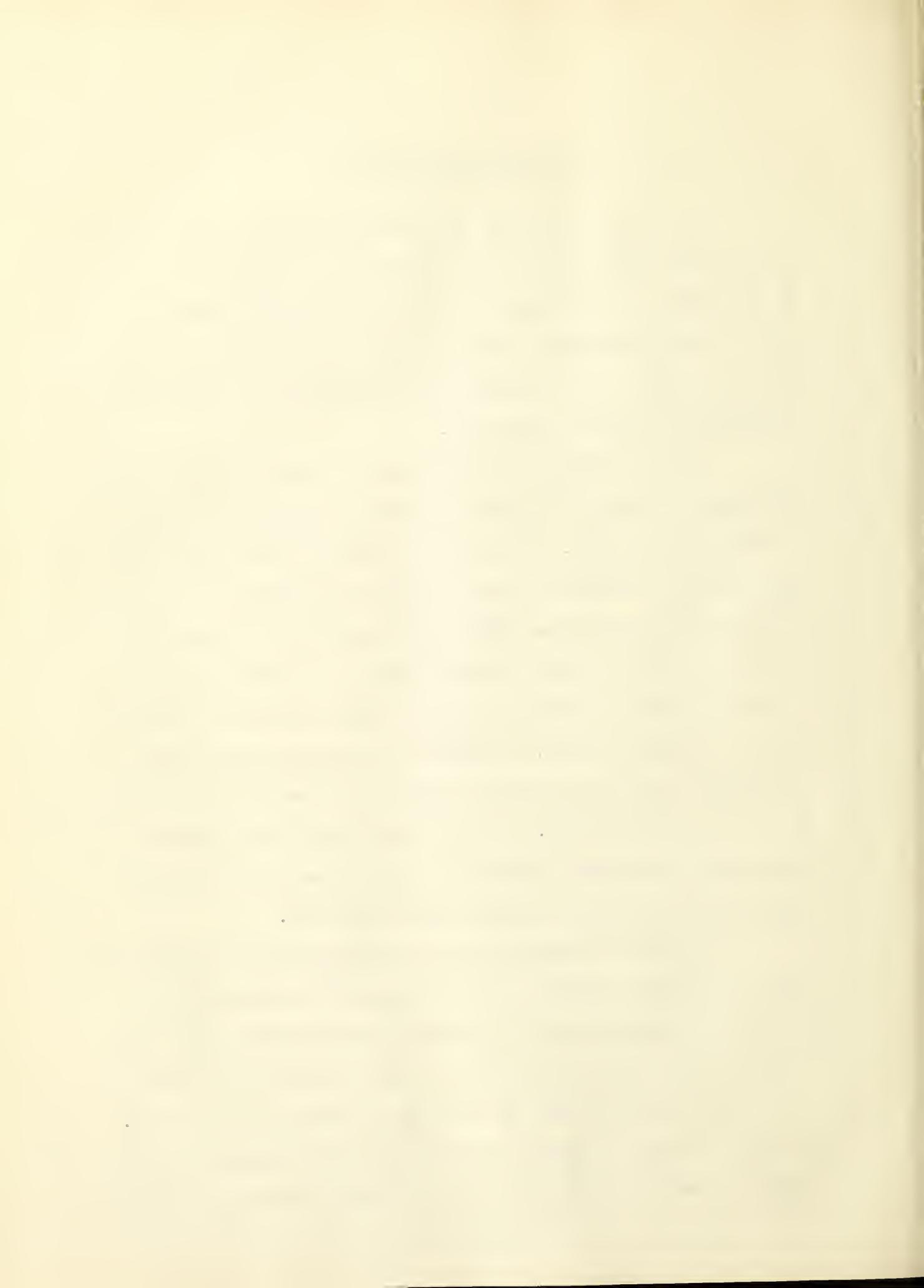
A retailer can improve his operation through several means, a few of which have been enumerated above. Suffice to say at this point that an alert and progressive attitude toward his business activities are a requisite for the merchant's success. Continual inspection of operations, participation in trade and community activities, and full utilization of educational and governmental facilities are all important in helping a retailer operate efficiently, but many retailers are lulled into a false sense of well-being by an apparently successful operation. They are awakened perhaps too late to take remedial action in adjusting their merchandising activities and operating policies to meet the ever-changing requirements of retail trade and customer wants.

Summary and Conclusions

This thesis has placed much emphasis upon the general principles of sound buying and effective merchandising since these concepts are applicable to the operation of all retail stores, regardless of the size of the establishment. Proper analysis and consideration of these fundamentals will serve to emphasize the necessity for a more scientific approach in all retail undertakings.

The shoe retailer's problems are many and varied, but his merchandising activities are usually considered a true index of the success of his entire operation. The efficiency with which the retailer performs his functions of buying and stock control is manifested in his ability to effect with little or no delay, those adjustments of inventory necessary to meet the changes in customer demand. The women's shoe retailer must know what, from whom, and when to buy; for these are the requisites of successful buying. In addition, he should determine what class of customer to cater to and what assortment of sizes and styles will best suit his requirements. If the merchant gives due and careful consideration to these basic elements of sound purchasing, he will have taken a long step toward profitable retail operation.

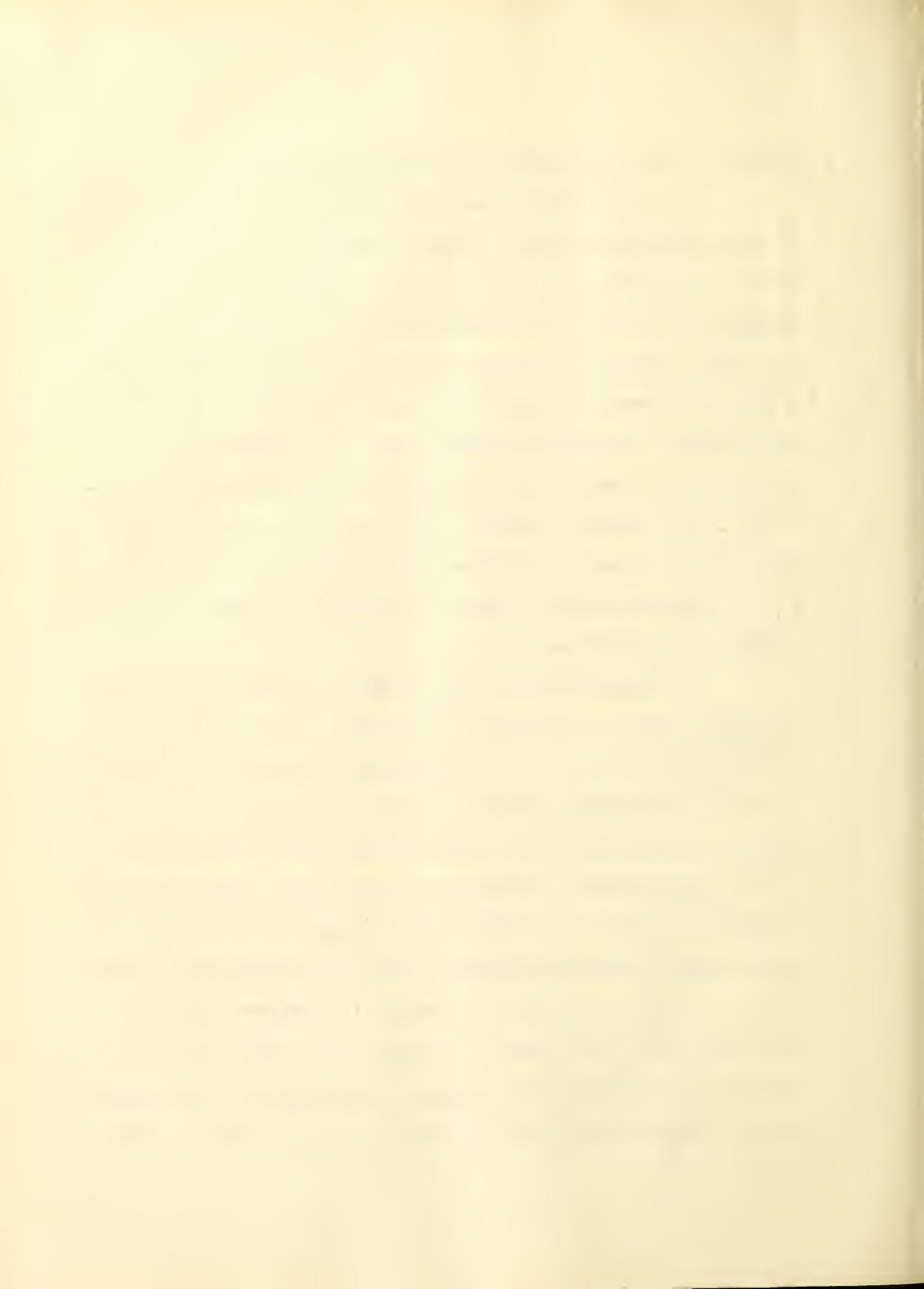
A sound and adequate system of merchandise control is the vital check and balance mechanism of the shoe retailer's entire operation, since it provides the means for systematic and effective buying. The merchant should know how much stock to carry in total and by styles, and he also should know what and how much to reorder at any one time. An accurate method of inventory control plus proper analysis of prior periods' inventory and sales records will supply the retailer with the



answers to these and most other merchandising questions.

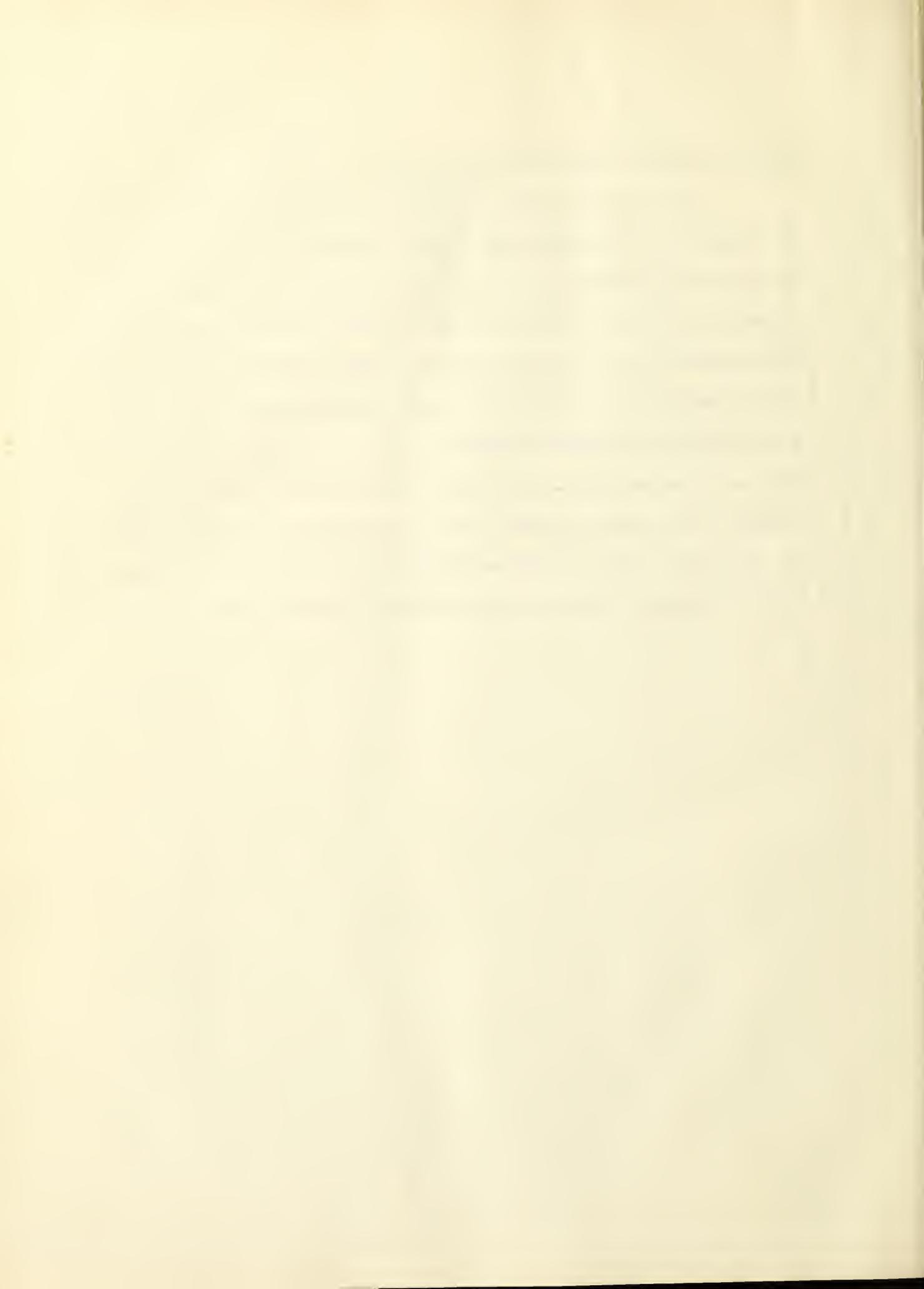
There are probably some shoe retailers who are still operating fairly successfully despite the lack of adequate store records. In the writer's opinion these stores are definite exceptions to the generally-accepted rule that scientific merchandising and effective retail control are vital to successful operation. The great majority of alert and progressive shoe retailers agree that a small store needs no exhaustively detailed set of merchandise records, but as sales volume increases, the advisability of adequate control methods and techniques should be keenly felt. The retailer of women's shoes in particular, should realize that the very nature of his business which involves sizes and styles, makes it imperative that he operate in deference to accepted and proven merchandising principles.

The independent shoe store for women is part of a most dynamic and highly competitive industry. The presence of this spirit of competition within the field of shoe retailing is indicative of the absolute necessity for efficient operation. It would be advisable for the independent retailer to study his competition with a view toward adapting to his own merchandising activities, the best of what their methods have to offer. Above all, the retailer should remember that there is a definite customer need for the quality, service, and personalized attention which he can offer to the public. The fear of aggressive competition should give way to a new sense of confidence which stems from the independent's realization that he, like his competitors, can also operate scientifically and efficiently, in order to meet and satisfy the wants



of his customers effectively and profitably.

It is hoped that all independent retailers of women's shoes will eventually learn that no enterprise conducted for profit can expect to do a good job without adhering to the fundamentals of sound buying, adequate stock control, and an effective overall merchandising policy. These merchants will hardly be able to maintain suitable inventory levels, buy wisely, and promote their goods profitably, unless they are willing to equip themselves with the tools and techniques whereby these ends can be accomplished. The sooner these retailers take the steps necessary to implement adequate systems of planning and control throughout the entire range of their merchandising activities, that much sooner will they operate their stores efficiently and successfully.



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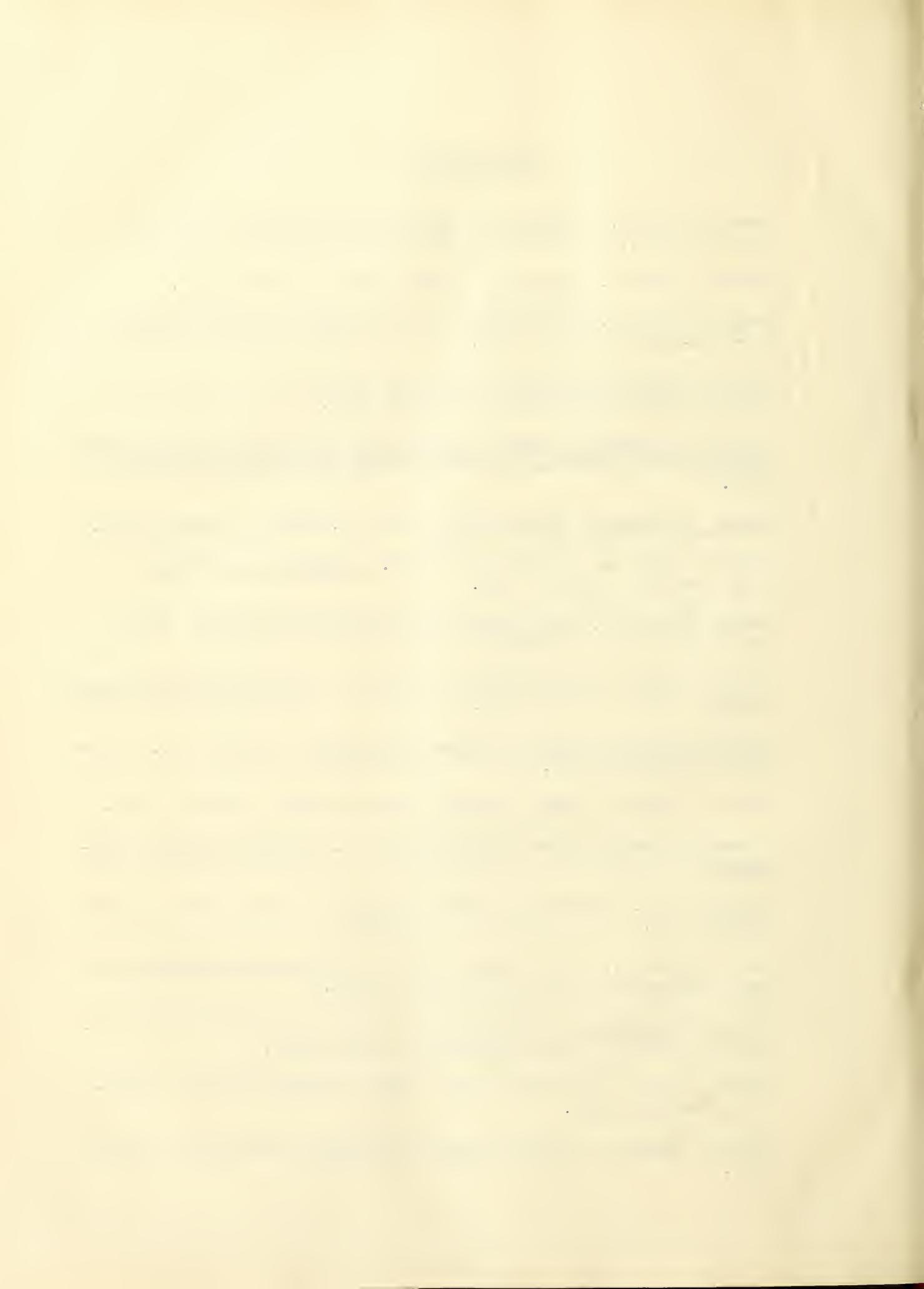
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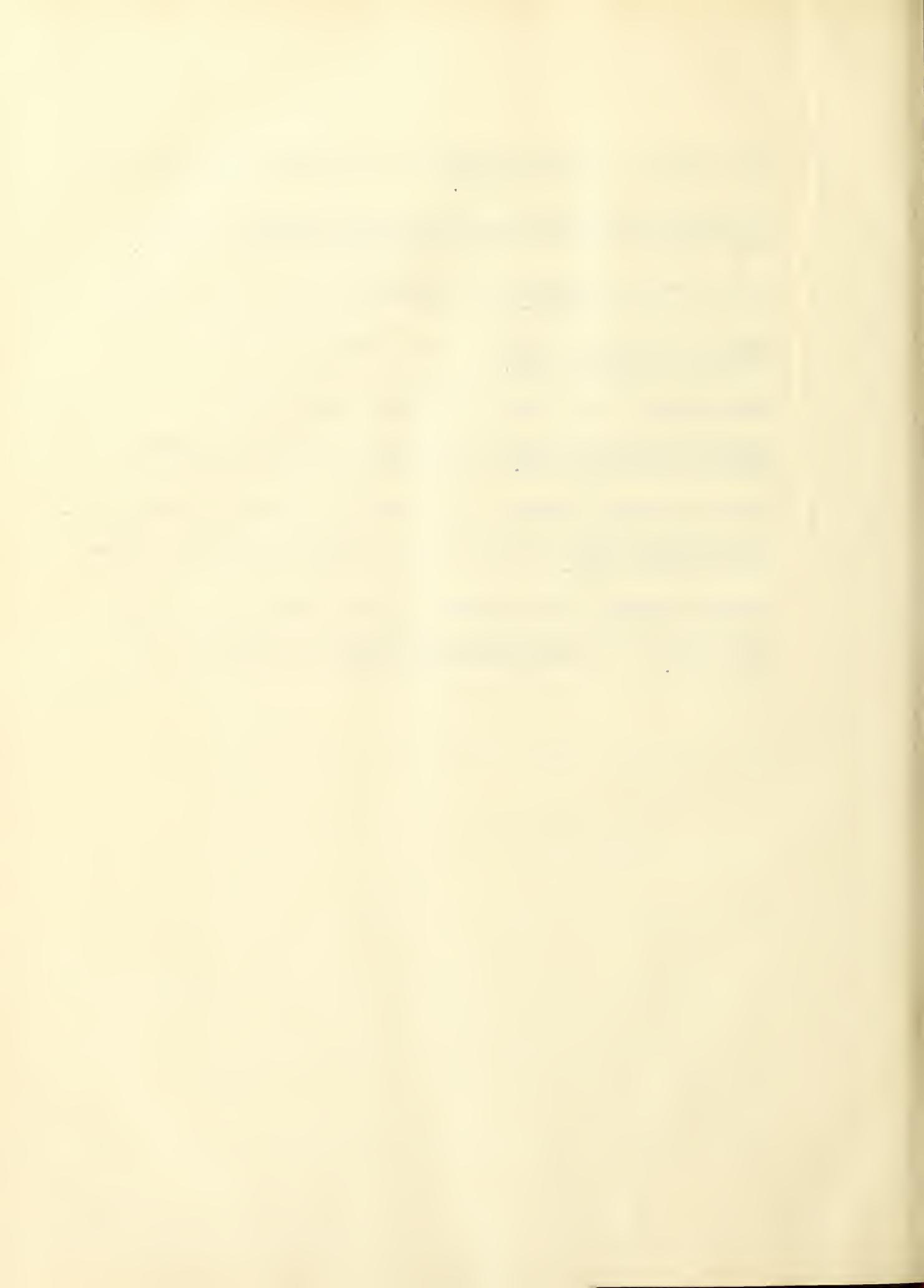
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